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10 March 1981

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2104



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BRIEFS

GRAIN EXPERTS CONFER--Experts from the GDR, Poland, the USSR and CSSR met this Tuesday in Ceske Budejovice to discuss scientific contributions to achieving better cereal yields in agricultural production; the damages caused by the hessian fly to wheat, rye, oats, barley and millet crops, amounting to 30 percent, in particular will be discussed. [Prague RUDE PRAVO in Czech 11 Feb 81 p 2 AU]

CSSR-HUNGARIAN PROTOCOL--P. Strougal, CSSR deputy minister of foreign trade, and J. Vas, deputy minister of foreign trade of the Hungarian People's Republic [HPR], signed a protocol yesterday at Zbraslav Castle on the exchange of goods and payments in 1981. The signing ceremony was attended by B. Kovacs, HPR ambassador to the CSSR, and A. Barcak, CSSR minister of foreign trade. The mutual goods exchange in 1981 is based on the long-term trade agreement for 1981-1985, and expands it by volumes based on the CSSR's and HPR's national economy needs. The 1981 protocol sets down a R1,069,000,000 turnover; hereby the Czechoslovak exports will amount to R517 million, and the Hungarian exports to R552 million. [Text] [Bratislava PRAVDA in Slovak 7 Feb 81 p 2 AU]

BULGARIAN-CSSR TOURISM--Prague, 23 Jan (BTA)--A five-year (1981-1985) agreement was signed in Karlovy Vary today concerning the development of tourism between Bulgaria and Czechoslovakia. The agreement provides for expanding all forms of tourist relationship between the two countries. Special emphasis is laid on the specialized visits, diversifying the services, etc. The document also takes into account the recently increased interest of Czechoslovak tourists for the historical landmarks and mountain resorts of Bulgaria. According to unofficial estimates Bulgaria is visited by 400,000 to 500,000 Czechoslovak nationals every year as tourists, and Czechoslovakia welcomes more than 100,000 Bulgarian tourists respectively. [Text] [Sofia BTA in English 1831 GMT 23 Jan 81 AU]

CSO: 2020

SHORTAGE OF GAS STATIONS IN SOFIA CAUSES DIFFICULTIES

Sofia RABOTNICHESKO DELO in Bulgarian 16 Jan 81 p 4

[Article by Lulivera Krusteva: "A Liter an...Hour"]

[Text] This story is outside the criminal subject of misappropriated property. But here there has been a theft, the theft of time. The victim is the citizen and the "perpetrator".... There is more than one. The hours of free time of the people are "eaten up" in waiting in line in front of the window for services, in a store, at a restaurant, or at a bus stop.... And the guilty party is not only the salesperson or the employee, but also the supplier, the producer, the deliverer and the construction worker.... The "criminal," called a line, rather often also lurks around gas stations.

The First Dialogue: Overheard Conversations

Here we do not need to quote them verbatim. Their essence is the dissatisfaction that in the entire residential district there is not a single gasoline station closer than 10 km and at it there is no gasoline to be found, and at the next one there is already a line a kilometer long. And thus begins a tour around the city and even outside it.

"On the territory of Sofia there lives one-eighth of the drivers of our nation, but there are only 34 gasoline stations," emphasized Capt Stanislav Vulchev from the Administration of the KAT [Motor Transport Control] under the Directorate of the People's Police. "There is also another problem. Often newly opened facilities remain unknown for a long time. The Petrol [Gasoline] DSO [State Economic Trust] through its information center could provide broader publicity. A good idea has failed due to the fault of the Ministry of Communications. There is an automatic telephone number 199 with driver information. Announcements of new stations and products of the chemical industry could be added to this information. But if you dial this number, you hear some unearthly sounds. And in essence what number is more important, that with the TV program which you can read in the newspaper or that which is related to ensuring traffic safety.

Second Dialogue: With the Opponents of the 'Accusation'

Most frequently the citizens complain only to the Petrol DSO. But in actuality the problems start with the figures. Bulgaria has 425 gas stations. According to the standard for the development of population points, each station should service

around 1,000 motor vehicles, but the actual figure is over 3,000 vehicles. The situation is worse in the capital, where this figure exceeds 4,000, a figure for an overload which exists nowhere else in Europe. The number of these service stations must be doubled and the problem will be solved.

"The worse thing is that the stations are not only not increasing but are also 'disappearing'," stated the General Director of the Petrol DSO, Ivan Nikolchovski. "During the Seventh Five-Year Plan Sofia received four new gasoline stations, and four were demolished because of urban development considerations. The Minister of the Chemical Industry sent a report which was left unanswered by the SNS [Sofia People's Council] for the building of new gas stations. Three of them were included in the plan, but Sofstroy [Sofia Construction Administration] refused them as being small projects that were unprofitable from their viewpoint. A new proposal was drawn up for the Eighth Five-Year Plan and this was accepted by the SNS Executive Committee. This envisages that Sofia will have 70 gas stations and 180 new ones are planned for the nation. However, realistically, judging from the 'enthusiasm' of the construction workers, only about 10-15 will be built in Sofia."

And one other thing which becomes clear from the words of the chief specialist of the Gas Station Section under the trust, Dimitur Radenkov:

"In recent years so many complexes have gone up in the capital equal to entire okrug cities in terms of area and population, but in none of them has terrain been provided for such construction."

The 'Idleness' of the Gas Stations

"This happens primarily because the chain of delivery is often broken," asserted Ivan Nikolchovski. "Transport does not carry out its duties, particularly on holidays. We also have serious difficulties with the technical state of the facilities. Broken down cars stand waiting for hours because we do not have sufficient tow trucks. Here and there in the okrugs there are even motorcycles with sidecars that travel about making repairs. In truth the nation has 23 workshops but they are for more serious repairs and are also insufficient. Each okrug should have such facilities. And it seems as though our work is unnoticed with so many of us on the job Saturday and Sunday. On these days, of the 34 gas stations in Sofia, 30 of them are open from 0600 to 2100 hours, with 10 of them open day and night."

The positioning of the gas pumps also is related to the "saving" of time. The present "correct" placement does not make it possible to increase the number of simultaneously serviced vehicles. The tendency is to have the placement be either checkerboard or angled so that two cars can be serviced by one gas pump.

"Up to now we have reconstructed 50 facilities which is the same as building new ones," explained the first deputy general director of the Petrol DSO, Boris Ezikiev. "This arrangement requires more people. Stations are being opened, the services performed are increasing, but not the personnel. This further slows down services and overloads the service personnel, most of whom are women."

'Doing Something at Someone Else's Expense'

There is the Decree No 8 of the Council of Ministers of 1977 which obliges all departments owning over 40 vehicles to build their own gas stations. But obviously

many of them have "forgotten" this instruction or prefer to get by at other's expense. Some 250,000 vehicles are serviced by the 850 departmental gas stations, while the 425 of the Petrol DSO "load up" over 1 million vehicles, with one truck which consumes 100-200 liters of gasoline holding up the line for 10 minutes, and one TIR truck some 20-30 minutes.

"And the line is growing," said Iv. Nikolchov, i gesticulating emotionally. "Thirty persons in a store are scarcely as striking as a line of 30 vehicles. And if all the departmental vehicles, as they should, would 'put in' at their respective enterprise or trust, it would be much easier for us and the lines would grow shorter. But the Rodopa DSO which has 49 TIR continues to fuel up with us, as well as the International Motor Transport Economic Association which has 3,700 TIR. For several years land has been assigned to them in Kapitan Andreevo. Twenty high-delivery gas pumps and tanks have been imported and are in a warehouse, but a gas station has not been built. And these two departments are not the only violators."

Here then is the true essence of the fallacious argument that our progress is impeded by many things, by construction, the wider introduction of automation and limited personnel.... With sorrow we must state that in terms of the world standard we are just "getting on our feet," that Vienna alone has 2,000 gas stations, Italy has introduced tokens, while the Soviet Union has gas stations without gas pumps with everything done just by hoses. With a sigh we must lament that all of this is still in the realm of "fantasy" for us. Yes, we will look with envy at what others have done while we still continue not to promptly fulfill our obligations and promises, while we neglect the work of others, and while we remain in the clutches of irresponsible laziness which is called short-sightedness or departmental selfishness.

A Disproportion in...Figures

- 1) The city of Sofia has 143,742 private vehicles and only 34 gas stations and each year 900,000 foreign vehicles pass through the city.
- 2) Over the 5 years only four gas stations have been built in Sofia, but four have also been demolished.
- 3) The nation has 425 gas stations, and each year the number of cars increases by around 10 percent which means 14,000 vehicles. Instead of 131 gas stations, 70 were built in the Seventh Five-Year Plan.
- 4) There are only 72 gas stations open 24 hours a day, and 10 of them are in Sofia.

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POOR YIELDS, ANTICIPATED INCREASE IN CORN PRODUCTION DISCUSSED

Sofia ZEMEDEL'SKO ZNAME in Bulgarian 24 Jan 81 pp 1, 2

[Roundtable discussion written up by Nevena Milenkova and Ventsislav Ganchev with specialists from the Corn Institute at Knezha: "With Optimum Positions in the Structure of the Planted Area"]

[Text] A Meeting Upon the Initiative of the Editors

Wheat is the grain of our people and corn plays this role for the required meat, milk and eggs. This basic feed crop plays a decisive role both in carrying out the main strategic task confronting agriculture during the Eighth Five-Year Plan as well as providing the accelerated rates at which our livestock raising must develop.

What are the real possibilities of corn for successfully carrying out these primary tasks? Is our agricultural science and practice ready to achieve the designated high goals?

These questions were the subject of a meeting organized upon the initiative of the editors at the Corn Institute in Knezha and at which the scientific coworkers took up the problems, disclosed the reserves and outlined the ways to increase grain corn production.

An Uncompromising Struggle for High Yields

Senior Science Associate Nikola Tomov, Doctor of Agricultural Sciences and director of the institute: Put in a most general way, this will be decisive for achieving the desired high successes. Because regardless of the fact that a file is kept on the area each year, in my opinion, in practice corn is becoming a balance crop. To a large degree this explains why with the actual conditions which have been created for obtaining at least 600 kg of grain per decare, in 1979, for example, the nation obtained scarcely 502 kg, and in 1980, even under 400 kg.

The main reason for these unsatisfactory results is that the leadership of many APK [agroindustrial complex] does not allocate the most suitable area to corn or they plant it on poorly prepared land. The established, scientifically based crop rotations are seriously violated and the necessary care is not shown for the corn in following the established specialized industrial methods.

Senior Science Associate Yordan Yordanov: Insufficient care is the reason that a portion of the crop is lost. Last year, for example, grain was obtained only from 3.4 million decares instead of 4.6 million decares. In Bulgaria it is already becoming a tradition for the production of silage corn not to be provided in the planning with the necessary equipment and materials. For this reason, instead of the planned 2.5-3 tons of green bulk per decare, we harvest around 1 ton. Confronted with the threat of finding livestock raising left without succulent fodder, the leadership of the APK regularly ensilages around 25 percent of the regular grain plantings.

ZEMEDEL'SKO ZNAME: The actual possibilities of irrigated corn are to produce at least 1,000 kg of grain per decare. In the practices of many APK, these yields do not exceed 400-500 kg, as much as the crop from unirrigated lands. Why is this so?

Senior Science Associate Georgi Sterikov: The poor results are due primarily to serious weaknesses in the organization of irrigation. Ordinarily it is considered that each year 1.5-2 million decares of irrigated area are to be planted with grain corn. But in fact scarcely 15 percent of this area is fully supplied with water. The low social labor productivity in these activities at times prevents the irrigations from being made on time. This is another explanation of the question of why the yields are low.

Along the Path Outlined by Scientific and Technical Progress

Senior Science Associate Krustina Shopova: The most effective introduction of scientific and technical progress and the achievements of advanced experience is another major reserve which practice must employ in the struggle to increase the corn yields during the Eighth Five-Year Plan. Only in this manner can it make its real contribution to providing an annual average of 1,200 kg of grain per capita. As are shown by the studies of engineer plans, this can be achieved by introducing scientifically sound crop rotations, chiefly in the new type of brigades where the existing equipment and the new equipment which will be provided create the best conditions for realizing the maximum biological potential of the introduced varieties and hybrids. On this basis it will be possible to provide a high average annual growth rate of the average yields, around 2.4 percent, so that this year at least 600 kg of grain per decare will be obtained from 7 million decares, and by the end of the five-year plan, 660 kg from an area of 8 million decares.

Senior Science Associate Yordan Yordanov: In order for it to take its proper place in the structure of the planted area, the growing of corn must be expanded in certain areas where there are good soil and climatic conditions for this. Our studies indicate that with such an approach even this year real opportunities exist to increase the area planted under the crop by around 3.5 million decares. In certain okrugs and APK this can be done at the expense of barley and certain other crops, while elsewhere by optimizing the structure of the planted area and developing abandoned but fertile lands. Certainly, there must be one criterion: corn is to be planted predominantly on irrigated land and an accurate estimate is to be made of the economic benefit in establishing the crop rotations at each complex.

Doctor of Agricultural Sciences and Senior Science Associate Vladimir Vulchinkov: We are capable of providing agriculture with a very rich selection of high-yielding corn varieties and hybrids. For example, the early hybrids such as Lozen-230 and Knezha-260 in areas of greater elevation above sea level provide up to 500 kg of grain per decare, the medium-early Lozen-350, Pkh-20 and Anzhu-360...also have the biological potential for 500-600 kg, the medium-late VS-66-25 and the Bulgarian Knezha-VP-506 and Knezha-500 for 1,400 kg, and the late Knezha-2L-611, N-708 and N-622 even for 1,600-1,800 kg per decare.

In order to realize the high yields from these hybrids, however, during the Eighth Five-Year Plan it is essential at any price to correct the varietal structure which has been incorrectly set in Bulgaria. The share of early and medium-early hybrids in it must be increased to at least 20 percent, and the medium-late and late varieties, respectively, to 40 percent each.

[Interpolation of authors] The scientific workers went on to say that in the areas where practice has boldly applied scientific achievements, the results in the production of corn grain are far above the national average. As a positive example of the able use of the achievements of scientific and technical progress, mention was made of the work done by the labor collectives at the NPK [Scientific Production Complex] in Knezha and a number of APK from various okrugs where high corn yields had been obtained on large areas with a low grain cost. How can one generalize the advanced experience of these collectives? First of all in the following:

- 1) The accelerated reproduction of the new promising hybrids, the application of scientifically sound crop rotation and the raising of corn with the strict observance of the requirements of specialized methods.
- 2) The introduction of qualitatively new methods for soil cultivation, plant protection, fertilizing, the supply of modern, highly productive equipment and integrated production lines which create the conditions for the maximum utilization of the biological potential of the varieties and hybrids.

ZEMEDEL'SKO ZNAME: The institute has already created an engineering unit. What goals and tasks have been posed for this essentially scientific introduction unit?

Senior Science Associate Nikola Tomov: By creating it we are hoping to make our help to practice even more effective and with even greater results. Under previously concluded contracts, the scientific workers will directly introduce on the APK the top achievements of scientific and technical progress for this culture. Certainly this will be done in a differentiated manner, considering the concrete soil and climatic conditions and the amount of material and equipment available for production. At the Drustur APK in Silistra alone, in 1981, 43 industrial technologies and 43 production lines approved by the national engineer plan will be applied in 112 variations.

Senior Science Associate Georgi Sterikov: However, at this stage we find it difficult to correctly organize the activities of this group. The scientific servicing of production has still not been fully settled by the new economic mechanism. We still do not have an effective system which regulates activities related to the introduction of technical innovations. There still are unsolved problems about material and technical supply for these activities, and the criteria have not been

established for assessing the end results for encouraging the scientific workers in accord with their specific contribution.

The Aim Is a Low-Cost Product

This was one of the basic recommendations of the participants at the meeting. Because, as they emphasized, the cost of corn grain at present is unjustifiably high and does not conform to the opportunities which are created by the improving of the socialist organization of labor in the new type of brigades as well as the achievements of scientific and technical progress.

Senior Science Associate Petur Dimchovski: Up to now the decisive factor in the high cost of the grain has been the unsatisfactory corn yields. These yields are determined largely by the poor quality of the planting stock, and chiefly its low sprouting rate. As a result of this thin plantings are obtained with 20 percent fewer plants per decare. The losses from the lack of these plants cannot be made up by any additional care.

Science Associate Nikola Orashki: The existing routine approach and hence the ineffective combating of weeds also actually reduce the obtained corn product. In this instance production is also not supplied with the appropriate chemicals existing in world practice for this purpose. And it must not be forgotten that the undesired companions of the crop also draw nutrients from the soil and these are essential for forming a crop of 300-400 kg of grain per decare.

Senior Science Associate Lyuben Gerginov: Wire worms and grey snout beetles cause analogous damage to the crops. For the same or similar reasons they have not been eradicated and each year thin the plantings by 10-20 percent and, respectively, reduce the yields by the same percentage.

Senior Science Associate Nikola Tomov: In addition to the factors mentioned by my colleagues, the primitive methods of harvesting the crop bears much of the blame for the high grain costs. In practice the corn combines which have been introduced in Bulgaria lose up to 15-20 percent of the already produced grain per decare. In this instance certain blame for these losses lies with the equipment operators who because of their low skills do not make good use of all the capabilities of the equipment.

[Concluding resume] The ideas voiced by the scientific workers and the proposals and recommendations made by them clearly show the ways by which corn production in Bulgaria can make its proper contribution to solving the main strategic task confronting agriculture in the Eighth Five-Year Plan. This is a task which can be solved only if practice alters its attitude toward this basic grain and feed crop and most effectively uses all the factors for the intensification of production. And this means that corn must find the most suitable place in the structure of the planted area, the achievements of scientific and technical progress and advanced experience must be applied, and all the possibilities of expanding its area must be employed on the basis of scientifically sound crop rotations.... It is true that the achieving of these high goals is confronted by a number of problems outlined by the scientific workers. We bring these problems to the attention of the National Agroindustrial Union, the ministries and central departments which must solve them, and by doing so they will make their contribution to a new rise in grain production and its most efficient use.

The view of the scientific collective at the institute in Knezha indicates the following real opportunities: this year to produce at least 600 kg of grain per decare on an area of 7 million decares, and at the end of the five-year plan, 660 kg per decare on an area of 8 million decares.

ELECTRONICS INDUSTRY URGED TO ACHIEVE WORLD LEVEL

Bratislava PRAVDA in Slovak 15 Nov 80 p 3

[Article by Milan Kubat, minister of electrotechnical industry of the CSSR]

[Text] The technical, functional and economic level of electroengineering and electronics affects the national economy, all branches of science, medicine, culture, the living standard and life style in a significant manner. It has great effects on savings of energy and material, be it directly--by decreasing the weight, dimensions and consumption of products--or indirectly, by increasing their price per kilogram and their utility value. Electroengineering and electronics thus assume key importance in the economy of industrially advanced countries and are a measure of a country's level of technological development.

Organs of our party and government adopted in the documents of the 15th CPCZ Congress and in subsequent sessions of the CPCZ Central Committee a number of unequivocal positions and resolutions which called for giving distinct priority to the development of electroengineering, particularly microelectronics. In spite of all the positive results attained at this stage, we still failed to come up with adequate results in such areas as digital circuits with a high degree of integration and in some types of hybrid integrated circuits and also in the area of technological equipment and instrumentation for electronics.

A positive rating can be accorded to final deliveries of electrotechnical equipment for power engineering, metallurgy, transportation, chemistry, instrumentation for broadcast and television studios and many other installations. But even so, it is impossible to get around the fact that the progress of deliveries partially deviated from the planned basic structural intents. As a result of failures to meet the planned manufacture of products in some sectors and failures to import specialized products, some categories of product utilization envisioned by the Sixth Five-Year Plan will go begging. This will primarily affect some contingent receivables from export deliveries and for market funds. Conversely, investment deliveries will be exceeded. Bottlenecks appeared also in sectors specializing in assembly, where in the course of the Sixth Five-Year Plan there was tension between needs and available resources. We did not succeed in fully meeting the needs of Czechoslovak health service, telecommunications, general engineering, etc.

On that basis, the 14th session of the CPCZ Central Committee and the CSSR government adopted in December of last year further measures for alleviation of

the persistent shortcomings and thus, effective 1 January of the current year, came the establishment of the Federal Ministry of Electrotechnical Industry. The newly formed department's jurisdiction extends to the major part of Czechoslovak electroengineering and electronics. As regards the number of personnel (220,000) the newly established branch has only half as many personnel in comparison to each of the two machine building sectors. However, as regards its significance for our national economy, this new sector must come to play an increasingly important role in the near future in all key areas. This was reflected in the conclusions reached for the operations of the new branch by the 14th session of the CPCZ Central Committee. They unequivocally specify that it is inevitable to meet in production the planned quotas for export, lower the requirements for imports, effect savings in expenditure of human labor and meet the binding tasks for the consumer goods inventory.

These basic trends were worked out at the ministry, the VNU Economic Production Units and plants into a set of concrete and controllable measures, and were projected also into ongoing preparations of plans for 1981, the Seventh Five-Year Plan and other basically long-term documents regarding the development of electrotechnical engineering and electronics in the CSSR.

The basis and the philosophical point of departure for the branch is giving priority to stocking spare parts in electrotechnical engineering and electronics, but particularly in microelectronics. It is impossible to develop electronics, electrotechnical engineering, and not even machine building and other sectors of the national economy without an advanced and developed stock of modern spare parts. It is formed today by the sphere of active component parts, primarily highly integrated microelectronic circuits, be they analog or digital, monolithic or hybrid, further diodes, transistors, optoelectronic elements, microwave devices and transmission electron tubes. The stock of spare parts also includes the great family of passive components and assembly elements. Within the framework of the program for development of the stock of spare parts, priority will be given to the development of the stock of highly integrated circuits. It is envisioned that in the course of the Seventh Five-Year Plan their distribution will increase by several multiples and match the state-of-the-art evinced by top manufacturers. This, without a doubt, will bring about a widely based application of modern electronic systems in our national economy. In introducing these goals, we must keep in mind the fact that catching up in a given assortment with the state-of-the-art and technology of the industrially most advanced countries will be neither easy nor simple.

The task is compounded by the fact that most of the industrially advanced countries are developing the branches of electronics and microelectronics at an extraordinarily fast pace. This is due to the clear-cut effects these branches have on the development of other sectors, primarily machine building. For that reason, we are concentrating resources in the decisive branches and technologies with simultaneous deepening and development of division of labor in the international framework of specialization.

To this structure of tasks was also subordinated the new organizational arrangement of the sector which has already been many times the subject of information released in the mass communication media. This arrangement will make it possible to make

better use of available resources while simultaneously increasing the efficiency of management and a differentiated development of production in the individual branches. Thus, e.g., the highest rate of production increases will be attained in the Seventh Five-Year Plan by the VÚJ TESLA - Electronic Parts (181 percent) and the lowest by VÚJ ZSE Prague (133 percent).

In compliance with implementation of the "Set of Measures" the electrotechnical industrial sector is switching over to the concern-type system of management. VÚJ [Economic Production Unit] Chirana-concern already had a concern-type management organization. Organizational arrangement of the four new VÚJ TESLA [Weak-Current Engineering] has good prerequisites for introduction of the concern-type system and this form of management will also be adopted in the VÚJ ZVAT [expansion unknown] and ZSE [Heavy-current Engineering Plant] in the near future. Improvements in the effectiveness of management will be oriented primarily toward improved quality and efficiency of planning, development of *khovraschet*, a system of material incentives and use of economic tools for promoting efficiency and quality, upgrading organizational and methodological aspects of management.

The tool for implementation of these intents will become comprehensive programs for development of management in the departments of the Federal Ministry of Electrotechnical Industry which will be supplemented by program targets adopted for the Seventh Five-Year Plan.

Directives for preparation of plans for the Seventh Five-Year Plan call on our sector to increase exports to socialist countries to 156 percent in comparison with the Sixth Five-Year Plan (after evaluation of the results of consultations with socialist countries, as high as 190 percent) and to nonsocialist countries to 188 percent. Meeting of export tasks will be extraordinarily difficult. The main reason being that to date there are still some open problems in regards to material resources and imports for launching our own production facilities, largely from the so-called free currency regions. Exports will be implemented on the basis of a narrow exportation spectrum which, in regard to nonsocialist countries, will concentrate primarily on the following products: electric motors, welding machinery, control systems, selected devices and equipment for office and computer technology, transmitters, television sets, telephone exchanges, record players, measuring instruments, dental equipment, x-ray devices, sterilization equipment, integrated circuits, color TV tubes produced under license, etc. This assortment must be expanded in the course of the Seventh Five-Year Plan to include further growth sectors. Exports to socialist countries will additionally also include computer systems, electric servomotors, investment electronics, medical and sanitation equipment, completion of machinery production units and active semiconductor components.

We are fully aware that subsidizing of exports and deepening of the division of labor will inevitably call for overcoming some limitations which are particularly characteristic for the electrotechnical engineering sector. Some of our products call for too many materials in short supply--nonferrous and rare metals, plastics and special materials. So-called consumer products are reaching the point of saturating demand on foreign markets. It also ought to be pointed out that there will always be a large share of indirect exports of electrotechnical products in the form of components of complete industrial plants, machinery and equipment.

We also intend to attain better results in the sphere of foreign trade by providing a closer linkage between foreign trade and production. We shall be closing mutual agreements with individual foreign trade organizations regarding cooperation with the objective of attaining improved efficiency in foreign trade activities.

During the Seventh Five-Year Plan deliveries for consumer goods inventory are to increase 37 percent (in retail prices) in comparison to the Sixth Five-Year Plan. We are counting on a steep increase in the production of color television sets with "inline" picture tubes with a deflection angle of 110 degrees, more record players (to 186 percent), tape recorders (to 150 percent). A lower rate will apply to radio receivers which in the USSR represent an extraordinarily high percentage of household appliances. Increased supply of major appliances presupposes a higher technical level, attractive design, improved operational reliability and substantial decreases in their power requirements. We are further implementing innovations in the assortment of clocks, watches and alarm clocks, particularly on the basis of wider application of electronics. It must be openly stated that not even in the Seventh Five-Year Plan will it be possible without exceeding quotas to meet the needs of the domestic trade, particularly in small portable color TV sets, combination cassette tape recorders and some control devices for households. In this respect, we will seek for a solution in cooperation with commerce by imports as much as possible--on a barter basis.

In the course of the seventh and eighth five-year plans there will be more long-term planning of bilateral and multilateral international economic relations, primarily in regards to specialization and cooperation in production. Multilateral international cooperation will involve primarily further development of activities in the framework of CEMA organs, i.e., in relevant organizational components of the Permanent Committee for Mechanical Engineering, Permanent Committee for Radio Engineering and Electronic Industry, in the Intergovernmental Committee for Computer Technology and in international economic organizations INTERELEKTRO, INTERATOMENERGO, INTERATOMINSTRUMENT, INTERKYOLEP and INTERELEKTROTEST. Great attention will be given to specialized technological systems, primarily for electronics and microelectronics.

Bilateral international economic and technoscientific cooperation will progress in consonance with long-term programs of specialization and cooperation in production--for the period till the year 1990. Our greatest and most important partner in this regard remains the USSR. A significant part of cooperation represents the field of microelectronics. This involves mainly cooperation in the development of electronic lithography, it being one of the key systems enabling both partners to introduce integrated circuits of great complexity. In the area of communications equipment, cooperation focuses on the development of new advanced semielectronic and electronic systems of higher generations, and cooperative efforts continue in the sphere of medical, control and automation equipment. The second largest partner is the GDR. The focus of cooperation and division of labor is primarily the sphere of the parts-production base, technological systems for microelectronics and special materials. It is envisioned further to develop bilateral cooperation with Poland, Hungary, Bulgaria, Rumania and Yugoslavia. Preparations are underway for cooperation with Vietnam and socialist Cuba.

The key trends of cooperation with CEMA countries have been incorporated into agreements regarding coordination of plans for the national economy in the years 1981-1985 and are thus becoming the basic guideline for cooperation in the Seventh Five-Year Plan.

Of decisive importance for the development of electroengineering sectors in the next term will be the state goal-oriented programs. This branch is responsible for the following programs: Electronics, Heavy-current Distributors, Technical Equipment for Automated Systems for Control of Technological Processes in Production and Nonproductive Activities. In addition, it participates in a number of other programs, such as, e.g., Instrumentation for Nuclear Technology, Nonconventional Sources of Light, Industrial Robots and Handlers, etc. Our branch will expend approximately 70 percent of its allocated financial resources to guarantee implementation of these tasks, while approximately 30 percent are expended on such production at the present time. Implementation of investment programs in the Seventh Five-Year Plan is bound to substantially increase this share in the sector's overall production.

In meeting all tasks we will rely on the initiative, skill, industry, capabilities and know-how of our workers. They constitute an inexhaustible source which, when well managed, can produce great riches. But this source must be used with sensitivity and a feeling of purpose. We shall develop even greater efforts for increasing the direct participation of workers in management and improving the quality of political indoctrination and ideological activities. In the spirit of the 15th Session of the CPCZ Central Committee, we adopted a set of concrete goals and tasks. We concentrated primarily on the sphere of creative work initiative, optimum utilization of the system of incentives, training and education of workers wherein we particularly emphasize care for the young generation. At the same time, we are working on a complex program of economic propaganda and publicity drive which will be directly related to the tasks of the Seventh Five-Year Plan. Its objective is to gain support for the program of electronization of the national economy from the widest circle of the public in all walks of economic and social life.

I also see an important tool for carrying out our tasks in systematic implementation of the set of measures into economic practice. This will also be one of the key criteria in rating the performance of leading personnel at all levels of our sector.

In the sector's activities relevant to implementation of the "Set of Measures" the main emphasis will be on improving the effectiveness of technoscientific development and expedient implementation of its results which, together with international cooperation, could be instrumental in helping us to eliminate some of the continuing lag in some production sectors of electrotechnical engineering and electronics behind the world's best standards. At the same time we are also taking appropriate measures for improving the effectiveness of the process of mutual deliveries between the organizations under our jurisdiction which in their accumulation represent a number of organizational and structural changes which our branch is currently undergoing. The objective is to increase our export capabilities on socialist and nonsocialist markets, meeting the needs of the

domestic market by quality consumer products and meeting the demands of the national economy in sectors that specialize in assembly.

We all know that the "Set of Measures" per se cannot do a thing for us until the principles it encompasses are adopted by the personnel of our branch for their own and implement them in their daily work with consistency, initiative and using all their positive experiences acquired to date. Only in such a manner will it be possible to successfully implement the intents of the set of measures, only in such a manner can we meet the tasks accruing to our new sector.

The 18th session of the CPCZ Central Committee came up with some cogent reasoning and an outline of further conceptual solutions for the development of electronics and microelectronics. It even stated that "systematic electronization and automation applied in vital sectors brings with it substantial improvements in the social productivity of labor, lower consumption of raw materials, fuels and energy." Thus, in connection with considerations that electronic industry output should increase by at least one-half in the course of the Seventh Five-Year Plan--whereby it is envisioned that the development of electronics will outstrip other mechanical engineering sectors in order to gradually implement solutions to problems relevant to development of an advanced spare parts base--we are faced with extraordinarily challenging tasks. These composite tasks and relevant problem-solving cover a scope so wide as to transcend the scope of responsibility of but a single branch. It is for this reason that in pursuing these goals we must acquire--and not just in our branch--a new way of thinking and acting in the interest of solving problems for the present for needs of the future. I am of the opinion that only those managerial personnel who will be able to transcend the barriers of departmentation and take the initiative to participate in coordinated joint solutions, as is expected of us communists in the management echelon by our party, only those will be able to communicate with their partners. The common denominator of such domestic interdepartmental cooperation can only be a conscious feeling of one's share in the responsibility for further development of our national economy as a whole, fortified by having the good sense to use all the possibilities offered by socialist economic integration and technoscientific cooperation, particularly with the Soviet Union.

As a minister and a communist, I want to steer our newly formed sector in the spirit of the principles and tasks I adopted from the 15th and 18th sessions of the CPCZ Central Committee. I am convinced that the policy of continued pressing forward and catching up with the time lag in development of electronization in our national economy has found and will still find many more enthusiastic followers whose know-how will contribute to the solution of many a complicated problem in meeting the goals assigned to us by the party. Yes, I count on healthy enthusiasm and fervor coupled with enlightened decisionmaking at all levels in overcoming obstacles in day-to-day operations. I count on benefiting from the initiative of our workers, not only in production, but also on the initiative of our technical intelligentsia in preproduction stages, in the scientific research base, with initiative by technicians and designers. I think that all of us having a stake in this undertaking ought to "brush up" on our recollection of the contents and resolutions of the May session of the CPCZ Central Committee in 1974 On Technoscientific Development, the validity of which was confirmed also by the 15th Congress of the CPCZ the contents of which include a number of still topical inspiring ideas for our present and future.

It could be that some may object that as a minister of the electrotechnical industry of the CSSR I ought to talk to the ranks of "my own" sector. But the 18th session of the CPCZ Central Committee gives everybody an unequivocal answer in the sense that matters and problems of the sector of electrotechnical industry are also matters and problems of practically all other sectors and their branches. It is particularly in this case involving direct, causal and indirect connections or relationships on the behalf of which and in whose name we all must transcend the barriers of compartmentation of any stripe. Such narrow compartmental barriers would not only be unhealthy, but downright harmful and counter to the economic and societal interests of electronization and streamlining of processes in our national economy. In that sense I also grasp, among others, the meaning of the "neologism" thinking and acting in a new way which was so distinctly accentuated by the 15th session of the CPCZ Central Committee.

8204

CSO: 2400

DISCUSSION INVITED ON MANAGEMENT EVALUATION METHODS

Bratislava PRAVDA in Slovak 19 Dec 80 p 3

[Article by Gejza Vilcek: "How To Evaluate Management?"]

[Text] In recent speeches, newspaper articles, and party organization meetings one encounters frequent criticisms directed at managerial work. Only rarely does one realize, however, whose work is being criticized. To be sure, about 80 percent of managerial employees are foremen, the level of whose work is determined solely by their immediate surroundings, but above them are so many additional levels of management that it would be simply unfair to focus all of these criticisms solely on them. Therefore it is necessary to make clear at the beginning that criticisms of management activity are concerned mostly, though not exclusively, with the enterprise and professional levels of management.

The evaluation of the work of an enterprise managerial employee is extremely difficult, and to assess his work attitudes is still harder. The compensation system—premium for the performance of the management collective—for the most part poorly reflects the level of managerial work; whether the manager permits disorder, whether he knows how to organize work, whether the enterprise collective even fulfills the plan. The management team functions well, then, in enterprises where the plan is fulfilled. This is, however, not always true. We do not wish to suggest that the reader begin searching for errors in those places where the plan is being fulfilled, or that management shortcomings escape his attention in places where they are more evident, in enterprises which are not fulfilling the plan. Enterprise management is, however, much too complex a task for statistics regarding plan fulfillment to provide unambiguous information concerning management quality, because these are compiled with a view to gross value of production or, under the new guidelines, net or adjusted performance. For us—the party, society, the consumer generally—the first and most important consideration is whether enterprises satisfy the requirements of the population with those products which belong in their product line. This is the fundamental and most important consideration in the evaluation of management work. And this is just what is usually taken to be self-evident, and as something self-evident, it is often overlooked, both by those who evaluate management, and by those who manage. Let us attempt to explain the above assertion with at least one example. Let us consider ski bindings, of which there is a shortage. The less expensive MASSAG binding was simple, and for just that reason the producer was able to meet the demand for these bindings.

However, as soon as the producer stopped producing them, and introduced the licensed production of GERTSCH type bindings, it was able to provide only 78,000 units per year to meet a demand for 110,000 units. This means that 32,000 prospective consumers will be looking in vain for bindings. It is true that the GERTSCH binding is more modern, but it is also more complex and requires more labor input. Output and income for a smaller number of bindings are greater than they were for a larger number of the simpler bindings. The plan is met, innovation targets are met, as are those for technical development--but there is a shortage of bindings.

We are calling attention to these phenomena on the threshold of the practical introduction of the provisions of the Set of Measures to point out the dangers of a technocratic view of the management of production activity. In other words, whether the main indicator of enterprise commitment is gross output or labor value added, the tendency remains to look on production activity only through the prism of technological and economic data relating to production, and to neglect the degree to which demand has been satisfied.

Therefore, the viewpoint of the main law of socialist economics--the satisfaction of ever growing demand--is a good and relevant measure of the level of management. As the above examples indicate, the degree of demand satisfaction does not always equate with plan fulfillment. The technocratic world view places enterprise interest first--an attitude very close to that of a capitalist producer. In comparison with this, management from a social viewpoint is that which we call a political approach to objectives. It is a shame that in evaluating managers their political commitment is not often measured from this viewpoint, but rather solely by whether or not they have fulfilled their role as All-Factory Committee lecturers, and the like.

Theoreticians and practitioners alike have tried many ways of expressing the work attitudes of managerial employees. At Dusle in Sali they have implemented a point system of yearly evaluation which on the whole successfully expresses the work attitudes of managerial employees to their functions, and even makes possible their evaluation according to these attitudes. At the Kosice VSZ [South Slovak Iron Works] extensive research has made possible an improvement in the level of the managerial work of technical managerial employees. I once participated in a discussion in which the very people who introduced these innovations in the evaluation of supervisory employees searched, in cooperation with employees of the Ministry of Labor and Social Affairs and institutes conducting labor research, for the possibility of identifying and expressing the magnitude of the contribution of creative management. In spite of a fine outcome and great effort, the following obstacle loomed in their path; we know how to evaluate the performance of a managerial employee, we have ways of expressing his creative activity, but we do not know how to express the most widespread problem of managerial work--avoiding decisionmaking. We have in mind what a managerial employee could have produced and did not produce, his avoidance of a risk, his failure to approach his work creatively. The greatest damage, then, is not caused by management errors--these are evident, clear, and can therefore be criticized and punished, even to the firing of the person responsible or to court proceedings. However, lack of initiative, unutilized possibilities, and

indecisiveness remain hidden. And right here lies the greatest amount of unused potential for improvement in the level of managerial work.

It would be an error to think that all we have are cautious and fearful directors who are incapable of taking a risk or thinking as entrepreneurs. When we look only at negative instances we discover just how much speculation, deviousness and "savvy" it has been necessary to utilize more than once to fulfill enterprise plans. Today, at the threshold of the introduction of the Set of Measures into daily life, there is the task of focusing this not insubstantial effort, ability, and inventiveness on socially desirable goals. This requires, however, taking off the enterprise tinted glasses when evaluating management work, and putting on socially- or consumer-oriented glasses. In this campaign there is no value attached to even the most diligent undertaking, as long as it is focused only and exclusively on the satisfaction of enterprise interests. Such an undertaking may receive a positive evaluation only in the event that the product fulfills its legally mandated responsibility--that it serve the people and society and their demands. The avoidance of this viewpoint and the neglect of these requirements are the shortcomings of management that we so frequently criticize.

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CZECHOSLOVAKIA

BRIEFS

WATER RESERVOIRS--In 1980 there were 139 water reservoirs in the CSSR (104 of them in the Czech Socialist Republic) capable of supplying water outside the season. They contained 4,462,000,000 cubic meters of water (2,965,000,000 cubic meters in the Czech Socialist Republic). The annual production of drinking water in the CSSR increased from 1.2 billion cubic meters in 1976 to 1.5 billion cubic meters in 1980. The consumption of drinking water per capita in the Czech Socialist Republic amounted to 3 $\frac{1}{4}$ liters in 1980. [Prague RUDE PRAVO in Czech 9 Feb 81 p 2 AU]

PHARMACEUTIC COOPERATION--An agreement on scientific-technical cooperation in the field of human and veterinarian pharmacy and agrochemical products was signed this Tuesday in Prague by representatives of the Federal Ministry of Technical and Investment Development and representatives of the American company "Eli Lilly and Company, Indianapolis." At the same time "Eli Lilly" and "Elanco" are holding an experts seminar on problems concerning the areas of scientific-technical cooperation that are under preparation. [Text] [Prague RUDE PRAVO in Czech 11 Feb 81 p 2 AU]

COOPERATION IN FORESTRY--A treaty on scientific-technical cooperation in forest economy was signed in Helsinki by representatives of the USSR, Poland, the CSSR and Finland. [Text] [Prague RUDE PRAVO in Czech 11 Feb 81 p 7 AU]

CUBAN SUGAR CANE PROCESSING--In 1981, about 80,000 tons of Cuban sugar cane will be processed by Czechoslovak sugar refineries in Melnik, Kostelec nad Labem, and Cakovice. The initial shipment has already arrived in Szczecin, Poland, aboard one of the six ships scheduled to deliver the sugar cane. [Prague LIDOVA DEMOKRACIE in Czech 14 Feb 81 p 4]

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GERMAN DEMOCRATIC REPUBLIC

POTASH PRODUCTION, WASTE WATER DISPOSAL PROBLEM DISCUSSED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 3 Jan 81 pp 5-6

[Article by Hans Herbert Goetz datelined Sondershausen, 2 January: "One of the Large German 'Potash Districts'--The Potash Combine in the GDR; Ranks Third in the World; A Trip to a Mine in the Southern Harz Mountains; Problems with the Waste Water"]

[Text] Nowadays, do people ever get to Sondershausen, Nordhausen, Kyffhaeuser Mountain, the Ohm Mountains? They do--if they visit Thuringia--which as everyone knows is no longer a simple matter--and if they have the opportunity to descend into a lime pit in the southern Harz Mountains and talk for a few hours with the director general of the Potash Combine VEB, one of the large-scale combines that are of crucial importance for the GDR. Sondershausen, a small town with 23,000 inhabitants, is the seat of the central combine administration. On the outskirts of the town, there is the pit--built in 1892--with the potash plant that still bears the old miners' name "Good Luck" and that is the oldest potash plant in the world; other potash pits in the GDR bear names such as "Ernst Thaelmann," "Unity," "Karl Liebknecht" or "Marx-Engels." The Sondershausen pit formerly belonged to the Wintershall Concern, which in a local publication was given the epithet "notorious."

The pretty little town lies in the Wipper River valley; the town could be called "charming," were it not for the huge dump of the potash mine that mars the idyllic scenery. Whether capitalism or socialism--the ugly--in the southern Harz Mountains mostly red-brown--continuously growing waste heaps--dead rock, over 105 meters high--are an integral part of potash mining. The old provincial capital, which comprises a few architecturally interesting buildings, above all the "Octagonal House," has become a miners' town. It is embedded in between the Hainleite and Windleite hills; the area is dominated by the stately castle of the counts--since 1697 princes--of Schwarzburg-Sondershausen, who once "ruled" a little state extending over 500 square kilometers. Although it is not in very good repair--a condition characteristic of many GDR castles--the castle houses numerous--for the most part pedagogical--GDR institutes, including a conservatory and the Librarianship School of the GDR Ministry of Culture. Sondershausen calls itself "city of music": From 1867 to 1870, Max Bruch conducted here the "Princely Court Orchestra," whose successor, the "Loh Orchestra," acquired a reputation as a "capable sounding-board" that has transcended the boundaries of the Sondershausen area. Bruch's violin concert in g minor was composed in Sondershausen; Franz Liszt was a guest at the Sondershausen Musicians' Festival; the young Max Reger was a student at the conservatory. We are in Thuringia, the German region famous for its musicians.

In the distance, the forested Kyffhaeuser Mountain, a popular point of destination for excursions; its "political" center is the Kyffhaeuser Monument which was built to establish a figurative link between Emperor Barbarossa and Emperor William II and which originated from an idea of the German Ex-Servicemen's Association. Construction of the monument took 5 years and in 1897, it was dedicated by Emperor William II. According to the Kyffhaeuser legend, the emperor is asleep in the mountain, until someday he will awaken and liberate "the empire from distress and humiliation." Today the monument--which is 10 meters high and above which towers a reproduction of the German Imperial crown--contains a room that is dedicated to "the development of German militarism" and "its elimination in the GDR." Not far from the Duderstadt border-crossing point, there is the Catholic enclave of Eichsfeld, where even today the procession banners are unfurled on church holidays. Goettingen, Friedland, Eschwege--they are "on the other side." In between the southern fringe of the Harz Mountains and the northern rim of the Thuringian Basin, there is embedded one of the German "potash regions"--which include the Werra region to the east and west of the inner-German border and the potash regions near Hannover and in the Baden-Alsace area. In the southern Harz Mountains, six potash mines--along with the potash plants that are part of the complex--are in operation, while on the Werra River there are three operative mines; a new addition is the large-scale mine near Zielitz, on the southwestern boundary between the Altmark [Old-Brandenburg] and the Magdeburg Boerde [Magdeburg Plain]. The Potash Combine also comprises rock salt plants on the Saale River. In its present form, the combine has been in operation since 1 January 1970. It employs 32,500 workers and in 1979 the annual turnover amounted to M 2.5 billion. Since the concentration of the GDR potash regions in a single combine, it has been managed by Dipl. Ing. [Engineering Diplomat] Heinrich Taubert, who at the same time heads the South Harz parent plant in Sondershausen.

Reserves Will Last for Decades

In the South Harz region, 13,700 workers are engaged in potash production--both above- and underground; here 43 percent of the GDR's total potash output is extracted from the ground and then processed into the finished product. The three pits on the Werra River employ 8,000 miners and potash "processors." They account for one-third of the GDR's total output, and the modern, efficient Zielitz plant with its 200 workers accounts for the remaining 25 percent. Of great importance in regard to the potash supply of the GDR and the socialist "fraternal countries" are the rock salt mine near Bernburg--which uses a combination machine unit of Soviet design--and the four barium sulfate and fluorite plants with 2,250 workers. In addition, the combine comprises the Sondershausen Research Center and the Erfurt Planning Group and--most importantly--the Dietlas Mining Machinery VEB on the Werra River; in the past decades, the over 700 employees of this plant have been developing the large-scale mining equipment required.

The GDR is one of the leading potash producers in the international arena and the reserves--approximately 13 billion tons--will last for many decades, even though the mining will be increasingly laborious and costly. In 1979, the GDR--with an annual output volume of 3.4 million tons of potash (K_2O)--ranked third among the world's potash producers--behind the Soviet Union (8 million) and the newcomer Canada (6 million) and ahead of the FRG (2.4 million), the United States (2.2 million) and France (1.7 million). In regard to exports, the GDR ranks first in Europe (2.8 million tons), with the Soviet Union occupying second place; according

to Director General Taubert, Canada has given up the attempt to conquer the European market, but as the world's leading exporter it has prevailed on the markets of the two American continents on its doorstep. For the countries of the Eastern Bloc, e.g. for the CSSR or for Poland, the GDR is an indispensable potash supplier, but still more important are big buyers such as India or Brazil--countries that on their part are interesting to the GDR as suppliers of raw materials. Great Britain and Austria are likewise good customers. The combine exports approximately 85 percent of its potash production; of this total, 1.2 million tons are exported to the "NSW", the nonsocialist economic area; for the GDR economy, this area thus is an important source of foreign currency. Taubert knows all there is to know about the workings of the international potash market; and he needs this knowledge; as of 1 January 1981, he has been entrusted--in the course of the measures aimed at giving the combine directors greater direct responsibility--with potash exports. For the time being, it is unlikely there will be great changes; the former director of the "Mining-Trade" foreign trade enterprise--likewise a director general--will be subordinated to him, but he will be subordinated to the appropriate mining ministry as well.

The world market prices are rising continuously--at a rate of approximately 6 percent annually--for the agricultural demand is high. The big "oligopolists" viruously pursue a "parallel" course on the market. In 1970, a ton of K_2O cost M 180; at present, the price is fluctuating between M 275 and M 280. The GDR does not produce any mixed potash fertilizer; mixed fertilizer is produced in the agrochemical centers. In Zielitz, it is planned by the end of the year to put in operation--in collaboration with Kloeckner--a plant for the production of granulated potash. For 1980, the combine has promised the Party leadership to increase its potash output by 22,000 tons, and according to Taubert, this promise will be kept. He knows of course that this increase will provide the basis for the plan target for 1981; even under more difficult conditions, the production volume is to increase at an annual rate of approximately 4 percent. But the directors general in the GDR are past masters at meeting the plan targets.

Descent into the "Karl Liebknecht" pit in Bleicherode, a little mining and textile-manufacturing town with 9,000 inhabitants that is mentioned in the historical records as early as 1130. After changing one's clothes and after a briefing on the mechanics of the "lifesaver," an oxygen apparatus, one slings on the miner's lamp, puts on the hard hat and then the narrow steel cage rushes down at a rate of 8 meters per second, descending to the third floor, 608 meters deep. There are GDR mines that are deeper than 1,000 meters. In those depths, it is very warm, but in the "Karl Liebknecht" pit the temperature is normal, and "at the face" it is not as dank and muddy as in other mines. Down here, the "Ernst Thaelmann" brigade is at work--altogether 65 workers who bring up to the surface 2,500 tons per day. Large-scale, street-like adits--7 meters wide and 3 to 4 meters high--have been driven into the mountain.

In the past few years, a technological revolution has taken place in the mines of the two German states. The rails and lorries have disappeared; fully mechanized, the underground work is carried out by means of large pieces of equipment. One sees only a few people, some of whom work in the equipment-repair shops that are carved into the mountain. Special attention is being directed toward safety. Since the two firedamp explosions in 1951 that killed 24 persons, there have no longer been any serious accidents. Wide-bodied ventilation ducts pump down 10,000 cubic meters of air per minute.

Our ride takes place in darkness--a real roller coaster ride; it is advisable to hold on to the car. With me in the jeep are the two escorts and Peter Reineke, the deputy pit director. He points out the big electrohydraulic drilling units that are driving steel braces into the rock ceiling in order to prevent rock falls. There are thousands of such braces in the rock ceiling. In addition, big scraping machines equipped with steel wedges scrape the rock ceiling to secure the top. All these large machines, whose diesel engines have up to 200 hp, must be disassembled above ground and transported back down through the narrow shaft; they are then reassembled underground. There are tunneling machines with a working width of 3 meters, and then there are the large-scale drilling units that drill holes into the potassium salt-bearing rock, which then are filled with explosive charges. After the blasting, the big loading units--whose scoops have a capacity of between 6 and 8 tons--come roaring up; they shove the saliferous rock onto a conveyor chain that leads to the 20 km-long system of conveyor belts. Finally, the haul is moved above ground through the winding shaft. Some of the transport equipment units are assembled by Polish mechanics.

During an 8-hour shift--which includes the time spent on changing, the descent and the approach--the miners operate the large equipment units for approximately 4 hours; a responsible job that also generates a lot of noise and dust. The machines can be fitted with springs only within certain limits and the vibration is harmful to both the spine and the disks. These men work by themselves. They clear M 1,200 per month--a lot of money in the GDR. They must be attentive; the equipment is expensive. Whereas formerly the work force in the pit totaled 14,000, it has presently been reduced to half that number. But the potash mines do not appear to have any recruitment problems, because miners are relatively well-paid and respected and when at the age of 50 the wages are supplemented by the miner's pension, the miner is quite well off. The mines devote a great deal of attention to the training of the 2,500 apprentices in their own training centers.

Above ground, in the potash plant, the picture is different. In Bleicherode, the visitor is not shown a model plant. On the contrary! Although the potash plant--an old Preussag enterprise--operates reasonably well and meets its production targets, it is even outwardly not in very good repair; it looks old and shabby. One can openly talk about this with the director general. He also knows that the mines and plants in the FRG--for whatever reasons--produce better operational results. The work in the potash plant is not very nice; it is interesting only for the few staff members--men and women--who control and regulate the complex chemical process. It is not easy to "motivate" the employees. Peter Dietl, the plant manager--who has been holding this difficult post for only 10 months--tries to force the plant to the technical limit so as to meet the plan targets. But there are personnel problems and every day there are new technical problems that must be solved. His work force comprises too many old people and not nearly enough young workers.

The Plant Party Organization (BPO) points out on handbills that the Bleicherode "PPA", i.e. the "Personal Plan Offers" have declined to approximately 700 during the first 6 months of 1980, whereas during the corresponding period of the preceding year they totaled just under 1,000, and that the "commitments" declined from 2,300 to approximately 1,000. The BPO stresses that things cannot go on like this, especially since "in preparation for the 10th SED Congress, there is unfolding the hitherto greatest competition in the history of the GDR." The plant director is

expected to modernize the plant, while it is in operation; he is expected to improve the pipe insulation, introduce efficiency measures, save energy and labor, change the boiler-firing system—a laborious job. In every shift, 60 workers work around the clock. The average net wage is between M 800 and 850. Those employees who control operations by means of measuring and regulating apparatus get up to M 1,000.

The chemical composition of the saliferous rock brought up to the surface by the miners varies constantly. The extraction of the potassium salt from the rock is a complex chemical process that consumes a lot of water, heat and thus energy. According to Dietl, the plant director and his crew must try "to operate at the optimum level" so that the different potash qualities required can be shipped up at the right time and in the right quantities. The miners working underground know exactly which of the seams—which can be up to 30 meters thick—contain the salts that the plant needs at the right moment. The pit and the plant must collaborate on the basis of common sense; they must again and again bridge their disagreements.

Potash Waste Water—the Tiresome Subject

Potash is shipped by rail. A certain percentage is delivered across the "dry border" to Austria, Hungary or the GDR; some shipments are routed through the Baltic Sea port of Wismar, which has become the GDR's transshipment port for potash. But the Baltic Sea ships calling at Wismar can load no more than 15,000 tons; they must then top off the cargo in Hamburg.

For every plant director in the southern Harz Mountains, the large quantities of waste water are a great problem. The potash plants face greater difficulties than the enterprises on the Werra River, which simply discharge the salty waste water into the river. Why is this? Behind the southern Harz Mountains, on the Saale River, there is the GDR's great chemical center, comprising the cities of Halle, Leuna, Merseburg and Schopkau. The chemical plants cannot use salty slops such as flow into the Weser River via the Werra. Overall, this part of the GDR has a more ample water supply, for thanks to the Wipper, Unstrut, Saale and Elbe rivers, there is as a rule more water here than in the Werra region. But the salt content of the rivers must be controlled. At the fringes of the southern Harz Mountains, large retaining reservoirs have been built, and in Bad Duerrenberg/Saale the salt content of the Saale River is measured on a regular basis. In a potash plant, accidents happen practically every day; pipes break and the salt meter registers this immediately. This entails stiff penalties which—it is claimed—are not "included in the plan"; rather, these fines must be paid from the "profit." The total fines the combine pays every year in compensation for environmental damage are in the 6-digit range.

Taubert is not surprised that the visitor broaches the subject of "potash waste water" on the Werra River. Subsequent to the exchange of intent between the Federal Government and the GDR at the end of April of last year, negotiations have now been started; however, they have not progressed past the initial stages. In 1913, an agreement concluded between Prussia, Saxony-Weimar and Saxony-Meiningen settled the waste water problem. A Potash Waste Water Commission in Kassel established waste water quotas. This system remained in force after the end of the war and after the potash district had been partitioned: 61.89 percent waste water for the GDR and 38.11 percent for the Federal Republic. But the permissible salt threshold values were exceeded very soon.

That the waste water—which is lethal to fauna and flora—has since 1968 been discharged in its entirety into the Werra River is—in GDR parlance—a "fact"; but—argues Taubert—the two FRG potash plants near Hattendorf and Wintershall pump their chloride waste water under high pressure—and this argument is important to him, even though it is denied in the West—into the plate dolomite which represents a suitable dumping site; on GDR territory, the waste water then flows underground into those strata, which the GDR could use to dispose of its own waste water. According to Taubert, the salts produced in the GDR mines are not equally suitable for the so-called electrostatic procedure that is employed by the two FRG enterprises on the Werra River (costs: M 300 million) and that greatly reduces the waste water to be disposed of.

So one could say that on the face of it the conflict revolves around the quite suitable, but also limited, dump sites in the subterranean strata. And in explanation of the GDR's inflexible attitude Taubert gives another cue—a cue that he does not want to discuss in greater detail: safety. Have there been any accidents in GDR mines? Have the underground rock columns—that as crucial supports must be left untouched—been weakened or incorrectly dimensioned? Has there been any impairment of the rock equilibrium? These questions could be answered only underground, at the rock face, not at the conference table. In his capacity as director general, Taubert, the experienced, prudent miner, naturally is aware of the significance of environmental and water protection and of mining safety and thus he probably is ill at ease in view of the fact that since 1968, all at once, all of the waste water of the three potash plants has been flowing—without any purification—via the Werra into the Weser River.

Is there a solution? First of all, it would be necessary to establish the facts of the case. Preferably, this should be done by the potash plant groups in the two German states, but this presupposes a suitable political atmosphere. Presumably, there is still sufficient room in those rock strata that could be used as dumping sites. Miners, engineers, geologists and government officials—they all must now confer with each other. It should be possible to apply to the Werra and Weser river basins the same water protection measures that the GDR has taken in the Unstrut-Saale-Elbe region. After all, the fifth chapter of the Final Act of the Helsinki Conference, which is concerned with the "environment," reads as follows: The signatory states agree to cooperate on environmental problems "that are of a multilateral, bilateral, regional or subregional nature"; the chapter singles out the "prevention and control of water pollution, above all the pollution of border-crossing rivers." In this respect, none of the signatory states is entirely faultless, and this goes also for the two German states. The dumping of potash waste water by GDR enterprises must not be allowed to continue indefinitely. To be sure, quick solutions are not to be expected. In this respect, the responsibility is shared by the two German states.

8760

CSO: 2300

ENERGY MANAGEMENT PROGRAM FOR SIXTH FIVE-YEAR PLAN PUBLISHED

Budapest MAGYAR KOZLONY in Hungarian No 96, 24 Dec 80 pp 1389-1394

[Resolution No 1055/1980 (24 Dec) of the Council of Ministers on the Energy Management Program for the Sixth Five-Year Plan]

[Text] The external and domestic conditions of supplying the economy with energy have changed significantly in recent years. Between 1973 and 1980, the world-market price of petroleum increased more than tenfold, and the specific costs of building certain power- and fuel-industry installations increased from four- to fivefold. Moderation of the costs of energy supply has become a fundamental task of our economic policy. Therefore our energy management must adapt continuously to the altered foreign and domestic conditions and must contribute toward a significant reduction of the burden that energy supply places on the economy.

The use of energy and fuels is not sufficiently economical and is occasionally wasteful, despite indications of favorable changes during the past two years. In the coming period, therefore, a preferential task in every branch of the economy--parallel with raising the technical level and improving our ability to compete--will be the acceleration of developing an energy-efficient production structure, a reduction of the specific energy consumption, and substitution of fuel import. These tasks necessitate the issuance and realization of an energy management program. Implementation of this program will require extensive voluntary activity, and also energy conservation by every citizen individually.

The Council of Ministers hereby approves the following program for the tasks of energy management in 1981-1985.

1. The program's objective is to unfold the processes that began in 1979 and 1980 and will result in a reduction of energy intensity, and to provide the prerequisites for significantly reducing under the Sixth Five-Year Plan the rate of rise in fuel and energy consumption, in such a way that fuel consumption will rise at most by 2 percent a year; and power consumption, by not more than 3.5 percent a year.

In the long run it will be necessary to increase significantly the use of domestic sources of energy, primarily of coal and nuclear power, and to

strive for reducing to a greater extent the use of petroleum products for heat generation.

With the measures targeted in the Sixth Five-Year and through the energy management program's realization, the structure of domestic energy consumption must be altered so that the share of hydrocarbons will drop from 64 percent at present to 59 percent by 1985, while the share of oil must be reduced by at least 4 percentage points in five years. We must achieve that by 1985 the increase in the demand for energy will be covered predominantly with nuclear power and increased electricity import. Essentially the consumption of hydrocarbon fuels by 1985 must not exceed the 1980 level. During the plan period the unavoidable increase in demand in some areas (for example, the additional consumption of gasoline due to an increase in the number of motor vehicles) must be covered with sources of energy saved by other consumers, or by fuel substitutions and increased conversions.

2. The state managing organs as well as the enterprises--and also the population--will play a significant role in the realization of the program's principal tasks.

As a rule, the more than 500 billion forints of investments earmarked in the plan for the development of the productive sectors and replacement of capital equipment must be spent--in agreement with one of the plan's principal economic-policy objectives--in such a way that will conserve energy.

A prerequisite for the energy management program's realization in the productive sectors is the consistent application of the pricing principle adopted for the development of the prices of sources of energy.

The Sixth Five-Year Plan allots also separately substantial resources for the objectives of energy management. Power-plant use of the Central Alfold natural gas that has a high content of inert matter, and the electrification of at least 250 kilometers of railroad lines must be realized with central resources. About 100,000 to 120,000 new housing units must be connected to piped-gas service during the plan period, and the establishment must be begun of a system for the management of peak-shaving capacity and simultaneously of generating capacity that saves electricity generated with hydrocarbon fuel. To make energy management more flexible and in the interest of imported fuel substitution, preferential credit must be provided for a 1,000,000 TPY cracker to built as an enterprise investment.

Through organizational measures and the more efficient organization of maintenance, at least $8.4 \cdot 10^{15}$ joules-- $2 \cdot 10^{15}$ calories-- must be saved annually by 1985. To this end the system of fuel accounting and fuel vouchers must be modernized, new regulations must be worked out for the organization of transportation, the technical-economic and maintenance conditions must be improved for the economical operation of district heating systems, and the norms for energy consumption must be updated continuously. The suitable quality and better energy efficiency of power-engineering installations and equipment must be enhanced also by official means: with appropriate standards and stricter licensing procedures. On the basis of

an evaluation by the supervising agency and the Industry Ministry's National Energy Management Authority (Ipari Miniszterium Orszagos Energiagazdalkodasi Hatosaga; hereinafter IpM OEGH), moreover, personal bonuses must be awarded to those enterprises that achieve measurable, verifiable and documented energy savings.

The plan earmarks credit resources and state aid for the realization of widely explored sectoral and enterprise energy-saving investment proposals. Their realization must be promoted basically with the instruments of economic regulation.

Over and above the incentive effect of domestic energy prices that approximate the world-market prices, also specified state aid and preferential bank credit must be extended to the economic organizations--provided they meet the obligatory economic-efficiency criteria--for their efficiency-improving investments. Significant technological modernizations or tasks for the development of supplier industries, involving outlays of more than 300 million forints, must be judged individually.

The tasks that all economic organizations must carry out in the interest of more-efficient energy management are as follows:

- Continuous analysis of energy losses;
- Elaboration, and domestic and international comparison of energy-input indicators per unit output in physical units or value terms;
- Review of production technologies from the viewpoint of energy consumption; search for, and introduction of, new technological processes that have a lower specific energy consumption or require sources of energy more readily available to the national economy;
- Instrumentation or automation, and continuous operating-efficiency study of installations that consume or convert particularly large quantities of energy;
- Continuous improvement of the efficiency and state of repair of on-site energy-supply systems (in the widest sense: steam, hot water, gas, compressed air, electrical heating, etc.);
- In cooperation with other economic organizations, search for joint or regional solutions that are more efficient or cheaper than on-site energy supply systems;
- Elaboration of energy-conservation opportunities, submission and realization of competition studies.

The tasks of more-efficient energy management than at present must be incorporated in the enterprises' sixth five-year plans, particularly at enterprises whose activity is energy-intensive. Such enterprises should prepare also annual energy-conservation plans.

The level of an enterprise's energy management must be taken into account when evaluating and rewarding the managers' performance. Special emphasis must be placed on energy conservation also in the enterprises' internal incentive systems, especially at energy-intensive enterprises.

The energy-producing and supplying enterprises must cooperate intensively and effectively on reducing the energy demand. They must subordinate their developmental possibilities and profit incentives to the interests of energy management.

The economic organizations concerned have important tasks in developing production and products that promote energy management. The development work of the economic organizations that produce more-efficient appliances, and materials and devices necessary for energy conservation, must be aided by granting them goal-oriented, centralized technical development funds, by extending them credit preferences applicable to energy-saving investments, and by recognizing in the prices--in accordance with the pricing regulations--the prescribed properties of appliances and materials. On the basis of separate consideration, the state may also provide aid for capacity expansion to produce the necessary equipment and appliances.

The production and marketing of industrial and public appliances and equipment more energy-efficient than at present must be enhanced also through continuous official measures. To this end the State Inspection of Power Engineering and Energy-Related Industrial Safety (Allami Energetikai es Energiabiztonsagtechnikai Felugyelet)--hereinafter Energy Inspection (Energiafelugyelet)--may prescribe obligatory technical parameters for specific energy consumption, setting a grace period for compliance.

The 1981-1985 energy management program's credit preferences and its system of aid, licensing and financing must be announced. Every economic organization must be notified directly of its tasks and opportunities in energy conservation.

At least 30 billion forints must be earmarked for the realization of the 1981-1985 energy management program's developmental tasks. This includes approximately 15 billion forints of investment for the tasks singled out in the national economic plan. Another 15 billion forints (including 6.4 billion forints of state aid tied to criteria) must be earmarked for the realization of the energy-saving development projects summarized in a separate Action Program.

3. The principal tasks set in the Action Program are as follows:

--Within the framework of modernizing energy-consuming installations, the energy efficiency of existing installations, appliances and technological processes must be increased, the specific energy consumption must be reduced, and waste heat must be utilized.

In addition, the economical substitution of cheaper fuels for fuel oil and coke must be realized.

--In modernizing technological processes from the viewpoint of energy consumption, particularly metallurgy must save coke--by raising the blast temperature, using oxygen enrichment and increasing the top pressure--or substitute hydrocarbon fuels and electricity for coke.

Agricultural technology must be made more energy-efficient by improving the efficiency of fodder drying and, wherever possible, by increasing the storage and feeding of undried sliced beets, corn and lucerne.

In the interest of reducing energy consumption in transport, the inspection of motor vehicles must be stepped up. Also in highway construction, preference must be given to more energy-efficient and cheaper solutions.

--Energy consumption in homes and public buildings can be reduced by introducing consumption-commensurate rates instead of flat-rate billing. If the technical and economic conditions are ensured, meters must be installed in at least 150,000 new homes. An economical technical solutions for converting existing buildings to metering must be elaborated by 31 October 1981.

Heat losses from new buildings can be reduced by improving the quality of construction materials and building components. An economical solution for insulating existing buildings must be worked out. The population must be encouraged also by OTP (National Savings Bank) loans to install insulation and to use construction materials and building components with better heat-engineering characteristics.

In the population's energy supply, efforts must be made to promote the spreading of stored-heat home and water heating with electricity at low off-peak rates. The spreading of energy-efficient appliances, with the replacement of the obsolete ones, should be encouraged not only by extensive propaganda, but also by purchase loans and trade-in programs for the population.

--The import of hydrocarbon fuels must be reduced by substituting domestic sources of energy, and also by utilizing waste heat as energy.

Surplus coal must be used for the substitution of hydrocarbon fuels in supplying public users, in boilers that previously were coal-fired, and in the technology of cement production.

The utilization of geothermal energy must be broadened primarily in agriculture, to heat greenhouses and plastic tents. If the experience gained is favorable, it will be possible to accelerate the spreading use of geothermal energy for district heating and hot-water supply.

The use of agricultural and forestry wastes (straw, cornstalk, pruning, logging residue) should serve primarily to conserve heating oil. A program for the use of such wastes as fuel must be elaborated on the basis of the technical and economic experience gained with the demonstration plants to be built in the first years of the five-year period.

--The energy management program's realization requires new power-engineering installations and appliances, and the modernization of the existing ones. Provisions must be made to ensure that the resources and contracting capacity necessary for energy-saving investments, and for developing a favorable energy structure, will be available. Special attention must be devoted to the energy-efficient production of the mass-produced appliances, equipment, instruments, parts and materials that significantly influence energy consumption, and to the expansion of the necessary production capacities.

The development of power-engineering equipment and appliances, and the introduction of new energy-efficient technologies demand faster application than up to now of the domestic and international results of science and technology. To explore the realistic possibilities of domestic application, and in the interest of sound economic assessment, organized provisions must be made for the establishment and evaluation of demonstration plants.

4. The energy management program must be supported also by research results. The Energy Target Program of the National Intermediate-Range Research and Development Plan must be elaborated accordingly. Technological progress in the energy field must be accelerated also by adopting the new foreign scientific and technological results that can be introduced economically.

During the plan period it will be necessary to continue to broaden the scientific and technological foundations of the fuel and power industry's long-range development. The basic objective of this work must be a further reduction of the national economy's long-range energy intensity--in comparison with the level attained by the end of the Sixth Five-Year Plan--and the adaptation of the structure of energy demand to the economic conditions and domestic resources.

5. Realization of the energy management program must be enhanced also through price policy and the system of economic regulation.

In accordance with the basic principles of the price system, the producer prices of fuels must be set with due consideration for the conditions on the world market. Consumer price policy, in integral unity with living-standard policy, must take the economy's interests into account, so that the public will increasingly conserve energy, and the structure of energy consumption will adjust to the possibilities of more-economical supply.

The price system and system of economic regulation must provide an incentive for the energy-using economic organizations to participate also with their development funds in the realization of the tasks of energy management. In addition, central resources also may be used, under specific conditions.

Among the available instruments, primarily the use of the sources of preferential credit is warranted, in accordance with the announced principles of credit policy. The annual principles of credit policy must specify the conditions under which credit may be used for the realization of energy management tasks.

The state may aid the realization of the energy-saving investments specified in the Action Program with a budgetary grant amounting to 30 percent of the investment cost, at the time of the program's start. Later on, the proportion of budgetary grants will be determined with due consideration for the prices of energy sources at the given time.

Economic organizations may obtain state loans to finance investments that result in the conservation and substitution of coke, gasoline, diesel fuel or fuel oil. If the given economic organization has no development fund available, the state loan may amount to 100 percent of the investment cost.

6. The energy management program's fulfillment must be aided also by organized control, unambiguous definition of responsibilities, and sanctions.

IpM OEGH must organize control of the energy management program's implementation, in accordance with the Economic Commission's directives. Control and the establishment of responsibility should extend to evaluation of the program's state administration, of enterprise activity, of the managers' personal responsibility, and of the voluntary tasks' fulfillment.

The economic organizations that are assigned special tasks in conjunction with the energy management program or systematically prepare energy conservation and management plans, must prepare semiannual reports to their supervisory organ and IpM OEGH, on the fulfillment of their tasks or plans.

The ministries and other central agencies must systematically review once a year the progress in implementing the tasks stemming from the energy management program, and the state of preparedness for the realization of the long-term tasks.

Financial control of the efficiency-improving investments financed with state aid or bank credit is the task of the State Development Bank, respectively of the Hungarian National Bank. The Energy Inspection will control attainment of the set technical objectives.

At midpoint of the plan period and after the plan's completion, the Central Commission of People's Control will investigate the state of energy management and fulfillment of the energy management program.

The organs of the megye councils will systematically control the energy-conservation program's fulfillment by public energy users on their territory (district heating, schools, hospitals, etc.).

Progress in fulfilling the tasks of special importance included in the Sixth Five-Year Plan must also be included in the reports on the national economic plan's fulfillment.

To control the program's fulfillment, the system of statistical information and reporting must be perfected so as to permit specifically targeted control.

7. Fulfillment of the energy management program is the task of entire society. Therefore the Council of Ministers requests the trade unions, the national corporate organs of the cooperatives, and the voluntary organizations, to aid the realization of energy management objectives through the organization and specific instruments of voluntary drives (labor competition, brigade movement, innovation movement, etc.).

Signed: Gyorgy Lazar,
chairman of the Council of Ministers

1014
CSO: 2500

FIVE-YEAR ACHIEVEMENTS IN ANIMAL HUSBANDRY NOTED

Budapest MAGYAR MEZOGAZDASAG in Hungarian No 55/56, 24 Dec 80 p 16

[Article by Dr. Zoltan Csomos, assistant department head, MEM (Ministry of Agriculture and Food Industry): "Five Years of Our Animal Husbandry"]

[Text] The past 5 years have brought a significant development in animal husbandry. In some areas--for example in milk production per cow--we have overcome deficiencies of a decade, and in other areas--such as the raising of swine and poultry--we have progressed to international ranks. With our meat production of 142 kilograms per capita, we are first in the world, and in per capita production of eggs and poultry for slaughter we are only in second place by a small amount.

The growth achieved in production of animal products has provided a balanced supply for the population and has made it possible to fulfill export commitments as well. This is verified by the fact that [annual] per capita consumption of milk and milk products grew from 127 liters to 160-164 liters, of meat from 68.5 kilograms to 74-75 kilograms, and of eggs from 280 to 320-325, and our share of cotton production for the textile industry rose by 10-15 percent.

In spite of wide fluctuations in the market, we have sold about half of our meat production abroad. Export of live animals has gradually decreased, and the share of products that have undergone higher types of processing has increased. About half the dollars and 10-15 percent of the rubles obtained from agriculture have been derived from animal husbandry.

The gross value of animal husbandry--calculated at 1976 prices--has grown annually by an average of 3.2-3.5 percent. This is significantly greater than the rate of growth of agriculture generally.

Cattle production

Cattle production has been regulated by the 1976 government decision that confirmed the breeding policy of 1972 and instituted important measures to improve the profitability of cattle raising in both large-scale milk producing operations and on household and auxiliary farms. As a result of this, herds of milk-producing breeds have increased at an accelerated rate on collective farms as well, milk production has grown significantly, and the rate of decline in the cattle stock of small operations has temporarily moderated.

As the result of the work of cross-breeding begun in large operations, we now have some 200-220 thousand head of purebred and cross-bred milk-producing types. This represents 36-40 percent of the milk cows in the large operations. Long-range growth in this branch is based on work in genetics begun 5 years ago. Domestication of several new breeds was begun, and we created a basis for production of these breeds by significant imports. The production of breeding bulls necessary for cross-breeding is made possible by the some 20,000 Holstein-frisian, 5,000 Hereford, 400 Limousin, and 250 Charolais cows on the farms. In the interest of production of purebreds on the one hand and cross-breeding on the other, we have imported almost 100 breeding bulls and more than 300 thousand doses of semen.

New methods of production technology have been introduced and/or widely expanded. Among these can be mentioned measurement of the individual performance of breeding bulls and average weight of meat produced by their descendants, general use of frozen semen, and embryo implantation. I can safely state that by using these methods we have come to be one of the countries with most developed animal husbandry.

Between 1975 and 1980 the rate of investment in cattle production declined significantly, and emphasis was placed on reconstruction to provide more housing and to modernize techniques of raising [cattle]. Nevertheless, this period was a significant period of development, because industrial-type farms for cows suitable for maintaining herds producing great quantities [of milk] were created, and these technological solutions will also have a long-range effect. In the meat-producing branch however, new experimental results have shown that all of the breeds and hybrids raised in our country can be maintained without buildings, provided the animals have been raised under such conditions.

Swine production

The past 5 years can be regarded as an important period for both qualitative and quantitative development in swine production.

Quantitative development was characteristic most of all in the area of small farms, with the number of their sows increasing by 27 percent and their production of slaughter hogs by 55 percent (between 1976 and 1980). Special mention should be made of the fact that the decline in the number of sows that had occurred every 3-4 years previously was not repeated; the so-called "cycle," and hence the growth in production, was continuous.

In swine production by large operations, wide-spread use of hybrids represented an important qualitative change. Four hybrids: KAHYB, TETRA, HUNGAHIB 39, and HUNGAHIB 50, received government recognition. Besides that, the domestication of several breeds was begun (GDR lowland, "duroc") or completed (Belgian lowland, Hampshire, etc.), mostly under the direction of the centers for cross-breeding. The hybrid program directed attention to the fact that the requirements of industrial-type maintenance and meat processing can only be met by bringing together the characteristics of several breeds.

It is characteristic of our results achieved in production that several foreign countries have been interested in our breeding animals. During the last 5 years, we have exported some 2500 breeding animals to 10 different countries.

It was unfortunate that the large operations hardly undertook construction of any new swineries. Investment in them was limited almost completely to reconstruction of existing ones. It is true that in this manner the productive capacity of the various farms increased significantly, by 20-50 percent, but it is also true that the operations took out of production almost as much less-modern space for swine. This is indicated, for example, by the fact that the number of sows on collective farms increased by only 6 percent in 5 years.

Utilization of the sows improved, however, as the result of modernization. On state farms an average of 1 and on collective farms 1/2 additional fattened hogs were produced for each sow in 1980 than in 1975. The amount of slaughter-hog meat produced per average sow on farms in the state sector was 1,860 kilograms and on the collective farms 1,590 kilograms.

The integrated system of connections that has been created between animal-raising and meat-producing enterprises, large operations, general consumer and marketing cooperatives, and small farms is a significant achievement of the past time period. This new form of production has provided more planning and programming to production of slaughter hogs by small farms.

Sheep production

Sheep production was the branch that grew most dynamically. Herds increased by a million head, and of those 600,000 were ewes. Accordingly, production of meat rose by 50 percent and of wool by 40 percent.

Breeding work was central to the increase in meat production. For this purpose, the meat production of individual wool-merinos and their descendants was measured and import of an experimentation with meat types (meat-merinos from FRG and GDR, Suffolk, Dorset horn, etc.) was increased.

In parallel with the improvement of meat forms, methods designed to improve fertility were also introduced, for example: more frequent births, synchronization of heat periods, etc., as well as the use of breeds that have multiple births (such as Romanov, Landrace, etc.) in cross-breeding.

In spite of all this, sheep production during the recent period was characterized most of all by quantitative growth. With the exception of pure-breed operations, we were not able to achieve really comprehensive results in production. Although a relatively large number of foreign breeds were experimented with, we have not succeeded in domesticating or creating new breeds that have proven themselves in practice. This remains for future years.

Small-animal production

The role of small animals in the production of animal products has increased. In addition to poultry and meat rabbits, raising of new types has begun, for example: mink, silver fox, angora rabbit, and chinchilla.

The production of poultry for meat, which continues to be of greatest importance for export, grew by 30 percent in 5 years. Thus the 1978 transitory difficulties in marketing hardly had any effect on the rate of increase in production.

Egg production in 1977 and 1978 jumped from 4 billion to 4.75 billion. Since quantities of eggs above those needed for domestic consumption could be exported only in an uneconomic way, it was necessary to decrease production. This year a production of some 4.5 billion eggs is expected.

With the formation of production systems, more organization was given to the raising of other types of poultry, such as goose, duck, and turkey.

Feed farming

The progress made in production of animal products, specifically the increased output achieved by each of the types, necessarily presupposes that significant progress has also been made in the area of raising feed as well. I will mention only a few of the most important of these, thus:

--The dry weight of silo-corn silage, which plays the greatest role in feeding of cattle and sheep, increased by 10-15 percent, and its energy content by 40-50 percent;

--A significant advance took place in the utilization of by-products by large operations, and simpler methods for their use were developed;

--Feeding of carbamide to ruminants tripled, and in parallel with this the use of imported protein was discontinued;

--The average hay output per hectare grew by some 30 percent, and inappropriate use of pastures was reduced;

--Modern machinery was introduced in harvesting of hay and other feeds: automatic choppers, large bales, combines, etc., and cooperative manufacture of these machines has begun;

--The amount of fodder used per animal has declined, and as a result import of protein during the last two years [has also declined];

--New procedures for preservation, processing, and utilization of wet corn, meat pulp, etc., have been tried.

In summary it can be observed that animal husbandry is concluding a successful 5 year plan. But this does not mean that the tasks of coming years will be smaller. The significant and continual rise in prices of energy and raw materials will make necessary the introduction of new methods and procedures both in raising [of animals] and in production of goods in order to increase production of every kind and decrease the use of feed. These will be the tasks in animal husbandry of the next plan period.

9611
CSO: 2500

RESULTS OF 1980 AGRICULTURAL CENSUS REPORTED

Warsaw WIADOMOSCI STATYSTYCZNE in Polish No 12, Dec 80 pp 15-17

[Text] As is done every year, during the first days of July 1980, the agricultural census was taken of the area of land used for farming purposes, according to its type, the sown area of individual crops and livestock numbers.

The census showed how matters stood as of 30 June 1980, with the collection of the census data being differentiated sectorwise. Thus, as regards the nonsocialized sector, that is private farms and private agricultural lots of less than 0.5 ha of the overall area, and the private owners of farm animals not possessing farmland, the census data were ascertained by census calculators directly on the farms in talking to their users. At the same time, all socialized units engaged in agricultural utilization of land and possessing farm animals were compiling statistical reports, corresponding in scope to the census being taken in the nonsocialized sector.

As a result of the tabulation of the census data and reports, information was obtained on the exploitation of land and on the livestock numbers, both on the scale of the whole agriculture and in individual groups of users in the country and in the cross section of voivodships.

Exploitation of Farmland

The results of the 1980 agricultural census showed that despite increased action aimed at the restraint of the process of the taking over of land for nonagricultural purposes, there occurred, compared with the previous year, a further decline in the area of land used for agriculture: from 18,990,600 ha in 1979 to 18,948,900 ha in 1980, that is, by 0.2 percent. In previous years, the losses in the farmland area amounted to: 0.3 percent in 1978, compared to 1977, and 0.4 percent in 1979, compared to 1978. Compared to the overall area of the country, farmland amounts to 60.6 percent.

The decline in overall farmland area compared to 1979 involves a decrease in the area of arable land by 31,000 ha (0.2 percent), of meadows by 10,000 ha (0.4 percent), and of pastures by 3,000 ha (0.2 percent). Together with a decline in the area of arable lands, there was noted a considerable increase in the area of untilled and fallow lands, being the result of agricultural nonutilization of over 100,000 ha of arable land in socialized agriculture and about 50,000 ha in nonsocialized farming.

At the same time, as a result of the intersectoral turnover of the land a further regrouping of land has taken place, from nonsocialized agriculture to socialized farming. The overall area of land utilized by the socialized sector has increased in relation to the past year by 143,800 ha (1 percent), including the area of farmland, by 87,700 ha (1.8 percent). As a result of this, the share of land utilized by the socialized sector out of the overall area of farmland in the country, has increased from 25 percent in 1979 to 25.5 percent in 1980.

Within the framework of the socialized sector, the highest increase in the area of farmland in 1980, compared to 1979, was noted in producer cooperatives-- by 100,000 ha (15.3 percent). As a result of this, there was also an increase in the share of producer cooperatives in the overall farmland area of the country from 3.4 percent in 1979 to 4.0 percent in 1980.

In state farms of the Ministry of Agriculture, the farmland area increased in relation to the past year by 84,800 ha (2.5 percent), whereas the area of farmland utilized by agricultural circles has considerably decreased.

In nonsocialized farming, the farmland area in 1980 decreased compared with last year by 131,400 ha, that is, 0.9 percent. This was chiefly influenced by the transference of private farms to the state for retirement pay or pension. During a period from June 1979 to July 1980 the State Agriculture Fund had taken, in return for retirement pay or pension, about 35,000 farms of an overall area over 150,000 ha. Some of this land has been bought back from the State Agriculture Fund by private farmers and returned to the nonsocialized sector, and some of it has been handed over to the socialized sector.

Table 1. Utilization of Land in 1980

Wyszaczkowanie (1)	Powierzchnia ogólna (9)				W tym użytki rolne (10)			
	w tys. ha		1979 = 100		w tys. ha		1979 = 100	
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
(2) Ogółem . .	31268,3	100,0	100,0	18946,9	99,8	100,0		
(3) Gospodarka współdzielcza	15119,7	101,0	48,4	4828,3	101,8	25,5		
(4) w tym:								
(5) PGR Minister- stwa Rolnictwa	4216,1	102,3	13,5	3507,3	102,5	18,5		
(6) spółdzielnie produkcyjne	827,9	115,1	2,6	754,9	115,3	4,0		
(7) kółka rolnicze	302,6	77,2	1,0	273,2	76,5	1,3		
(8) Gospodarka nie- współdzielcza	16148,6	99,1	51,6	14118,6	99,1	74,5		

Key:

- | | |
|---|--------------------------|
| 1. Specification | 7. Agricultural circles |
| 2. Total | 8. Nonsocialized farming |
| 3. Socialized farming | 9. Overall area |
| 4. Including | 10. Cropland |
| 5. State farms of the Ministry of Agriculture | 11. In thous. ha |
| 6. Producer cooperatives | 12. In percent |

Area Under Crops

Together with a decrease of the farmland area in 1980, there has also been a decrease in the area under crops in the aggregate by 61,400 ha (0.4 percent), which alongside weather conditions, exceptionally unfavorable for vegetable growth in 1980, additionally affects poor crops.

A decrease in the aggregate area under crops was influenced primarily by a limitation of the area of land under potatoes, feed crops and corn. The area under potatoes, compared with the previous year, has decreased by 97,000 ha (4.0 percent), which given unfavorable weather conditions has resulted in a much greater decrease in crops and thereby also a limitation of the feed base. It is estimated that the potato yield in 1980 will be below that in 1979 by over 30 percent. Decrease in the area under potato crops chiefly concerns nonsocialized farming and amounts to 88,000 ha, that is 4.0 percent.

A decrease in the area of feed crops, which was noted both in nonsocialized and socialized farming (and also of the area under corn) will likewise influence the reduction of the amount of feeds.

The area under grain crops in 1980, compared with the past year, has somewhat increased (by 5,000 ha, that is, 0.1 percent), but because of floods and underflooding of fields the harvest area is considerably lower than shown by the census, and given simultaneous diminution of crops, this has influenced the limitation of the harvest.

With the increase in this area on the whole, the area of four grain crops compared with the past year is 14,000 ha (0.2 percent) lower, and in the non-socialized sector the decrease in the area of four grain crops is as high as 72,000 ha (1.3 percent).

A decrease in the area of four grain crops was caused by a tangible decrease in the area of spring grain crops--312,500 ha (11.5 percent), with simultaneous increase in the area of winter grain crops by 298,400 ha (7.0 percent). The result of these changes is an increase in the share of winter grain in the structure of crops from 29.2 percent in 1979 to 31.4 percent in 1980.

In the cross section of the voivodships, in the presence of a rather considerable differentiation with respect to the dynamics of changes in the area under crops, as shown by the June census in 1980, the level of crops depended chiefly on the course of weather conditions. It is being estimated at present that the highest losses in grain crops and potatoes due to the abundant rainfall were suffered by the voivodships of Torun, Bydgoszcz, Przemysl, Krosno, Wloclawek, Konin and Rzeszow.

A distinct increase in the area under crops was shown by the agricultural census in the case of industrial crops. Compared with the past year, the area under these crops has increased by about 130,000 ha (15.8 percent), including that under rape and turnips by about 140,000 ha (that is, 77.7 percent). In terms of the tasks envisaged by the plan this means, however, that they were realized by only 78.7 percent.

Table 2. Area Under Principal Crops in 1980

Wyszczególnienie (1)	Opisowo (2)	w tys. ha									
		dla terenów* (9)		dla terenów** (13)	dla terenów*** (14)	dla terenów**** (15)	dla terenów***** (16)		dla terenów***** (17)	dla terenów***** (18)	
		razem (11)	w tym z ziemi (12)				razem (11)	w tym z ziemi (12)			
(2) Ogółem	14511	7830	6967	2344	684	2157	948	328	467		
(3) Gospodarka uspołeczniiona	3516	1562	1461	217	560	699	373	245	118		
(4) w tym:											
(5) PGR Ministerstwa Rolnictwa	2666	1131	1065	154	457	535	306	206	97		
(6) spółdzielnie produkcyjne	571	289	267	44	74	95	49	29	18		
(7) kółka rolnicze	201	112	102	12	24	36	9	8	1		
(8) Gospodarka nie uspołeczniiona	10995	6268	5506	2127	124	1438	575	75	349		
1979 - 1980											
(2) Ogółem	99,6	100,1	99,8	96,0	94,8	97,1	115,8	177,6	100,9		
(3) Gospodarka uspołeczniiona	102,3	105,0	104,1	95,8	90,8	95,6	138,2	177,4	98,2		
(4) w tym:											
(5) PGR Ministerstwa Rolnictwa	102,3	105,7	104,5	95,9	89,9	93,4	140,6	182,2	96,3		
(6) spółdzielnie produkcyjne	114,8	117,6	117,1	103,9	103,8	110,3	134,3	160,4	111,0		
(7) kółka rolnicze	97,8	79,0	78,7	73,2	73,9	73,1	118,4	148,7	76,1		
(8) Gospodarka nie uspołeczniiona	98,7	98,8	98,7	96,0	118,0	97,9	104,7	178,2	101,9		
(10) a Bez kukurydzy na ziarno											

Key:

1. Specification
2. Total
3. Socialized farming
4. Including
5. State farms of the Ministry of Agriculture
6. Producer cooperatives
7. Agricultural circles
8. Nonsocialized farming
9. Grain crops
10. A seedless corn
11. All told
12. Including four grain crops
13. Potatoes
14. Corn
15. Feed crops
16. Industrial crops
17. Rape and turnip
18. Sugar beets
19. In thous. ha

The area under sugar beets was somewhat larger in 1980 than in the past year (by 13,300 ha, that is, 0.9 percent), but compared with the area planned for the year 1980 it was smaller by over 15 percent. It is being estimated, moreover, that because of the underflooding of the sugar beet plantations about 60,000 ha were completely destroyed over a period up to September 1980, and another approximately 80,000 ha which continue to be flooded are very poor. It is estimated that the sugar beet crop of 1980 will be 20 percent lower than last year.

Livestock Numbers

With respect to livestock numbers the June 1980 agricultural census has shown a further deepening of the falling tendency of livestock numbers, with swine and sheep simultaneously remaining at almost the 1979 level.

The downward tendency of livestock numbers results primarily from the limitation in herd size in nonsocialized farming which began in the first half of 1978. On the other hand, in the socialized sector, until April 1980, livestock numbers showed a rising tendency. A decrease in the livestock herd in socialized farming was shown only by the June census (1.1 percent, compared to last year); which was caused by further reduction of the livestock herd in agricultural circles, and a decline--0.5 percent--in the state farms of the Ministry of Agriculture.

A decline in the cattle stock in 1980 in the nonsocialized sector (3.7 percent compared to last year) is associated with a decrease of the basic herd of cows. The June census has shown that the number of cows in nonsocialized farming is about 115,000 (2.2 percent) less than in the previous year, that affects the production of milk, and at the same time by limiting the number of calves being born, limits possibilities for growth in numbers of cattle.

The June census has showed that the downward tendency in the number of cattle is a universal phenomenon throughout the country, with the exception of the voivodships of Gorzow, Zamosc and Slupsk, in which no decline was noted in the cattle stock, compared to June 1979. The highest fall in cattle stock occurred in the following voivodships: Jelenia Gora, 8.5 percent; Rzeszow, 7.5 percent; Leszno, 6.0 percent; Tarnow, 5.8 percent; Suwalki and Warsaw City, 5.3 percent and Poznan, 5.1 percent.

The number of swine in the entire rural economy, according to the June 1980 census has shown, compared with the June 1979 census, an increase of 102,000 (0.5 percent), as a result of the increase of this stock in socialized farming (3.8 percent). In the nonsocialized sector, the number of swine has been 121,500, that is, 0.8 percent, less than in the analogous period of the past year.

The increase of the swine stock in socialized farming was caused by the increase of this stock in producer cooperatives--13.6 percent--and in state farms of the Ministry of Agriculture--5.5 percent. This increase was achieved both by socialized farms raising their own piglets, based on the increase, compared to last year, sow herd, and also as a result of increased purchases of piglets and young pigs for fattening from private farmers within the framework of cooperation agreements.

Table 3. Cattle Stock in 1980
(as of 30 June)

Wyszczególnienie (1)	Ogółem (4)	Gospodarka upolnowana (5)				Gospo- darka nie- upo- lowana (11)
		razem (6)	w tym (7)			
			Państwowa Rolnictwa (8)	spół- dziel- nie pro- duk- cyjne (9)	kolcho- zów (10)	
(12) W tysiącach sztuk						
(2) Bydło	12648,6	3436,4	2861,1	432,1	91,7	9212,2
(3) w tym krowy	5955,6	857,5	743,0	98,9	4,2	5098,1
1979 = 100						
(2) Bydło	97,0	98,9	99,5	107,4	64,6	96,3
(3) w tym krowy	98,3	102,6	102,4	107,4	65,8	97,8

Key:

- | | |
|-----------------------|---|
| 1. Specification | 8. State farms of the Ministry of Agriculture |
| 2. Cattle | 9. Producer cooperatives |
| 3. Including cows | 10. Agricultural circles |
| 4. Total | 11. Nonsocialized farming |
| 5. Socialized farming | 12. In thous. |
| 6. All told | |
| 7. Including | |

While the swine stock as a whole for our entire agriculture increased, the number of porkers and baconers which form a commodity production potential in the period ahead showed a decline compared to last year of over 190,000, that is, 4.0 percent. This is reflected by a lower purchase level of hogs for slaughter than in the previous year. In the period of July-August 1980, swine stock purchases were about 10 percent less than in the same period last year. The number of hogs contracted for delivery for purchase during September-November 1980 is also less--on the whole, 14.6 percent--than in 1979.

The possibility of a certain improvement in the supply of hogs for purchase is indicated by the increased number of young pigs and piglets, noted in the June census, that, however, cannot take place earlier than at the turn of 1980-1981.

The increase in the number of sows to be bred, 4.9 percent compared to last year, as was also noted in the June census, might indicate potential possibilities for the expansion of the swine stock. However, the progress in the impregnation of sows during the postcensus months (in July 1980, 3.5 percent fewer sows were impregnated and in August 6.2 percent fewer than in the same period last year) points to the decision of farmers intended to limit their swine stock. The lack of interest by farmers in raising swine stock is likewise attested by the fall in free-market prices of young pigs. In July 1980, these prices were 1 percent lower than in July of last year, and in August this decline was way down to 11.0 percent.

Table 4. Swine Stock in 1980
(as of 30 June)

	Wyszczególnienie (1)	Opisem (10)	Gospodarka organizacyjna (9)					Gospodarka na organizacjach (16)
			razem (11)	w tym (12)				
				POZ Ministerstwa Rolnictwa	gospodarkę produktoryjną	inne organizacje		
W tysiącach sztuk (17)								
(2)	Trzoda chlewna	21325,6	6844,8	3902,7	1097,1	548,4	15280,8	
(3)	Prosięta poniżej 3 m-cy	7548,7	1393,1	1054,1	257,8	53,9	6155,6	
(4)	Warchlaki od 3 do 6 m-cy	6660,0	2015,3	1359,2	315,3	154,0	4644,7	
(5)	Lochy na chów 6-miesięczne i starsze razem	2427,0	488,2	372,0	86,5	22,0	1938,8	
(6)	prośnie	1367,9	247,7	184,8	48,1	11,1	1120,2	
(7)	nieprośnie	1059,1	240,5	187,2	38,4	10,9	818,6	
(8)	Tuczniaki	4689,9	2148,2	1117,4	437,5	318,5	2541,7	
1979 = 100								
(2)	Trzoda chlewna	100,5	103,8	105,5	113,6	79,7	99,2	
(3)	Prosięta poniżej 3 m-cy	101,5	106,5	106,1	117,4	87,3	100,5	
(4)	Warchlaki od 3 do 6 m-cy	101,0	105,2	112,5	100,4	69,7	99,3	
(5)	Lochy na chów 6-miesięczne i starsze razem	104,9	112,8	115,0	116,2	79,4	103,2	
(6)	prośnie	102,9	110,0	110,7	116,3	85,0	101,4	
(7)	nieprośnie	107,7	115,7	119,6	116,2	74,3	105,6	
(8)	Tuczniaki	96,0	99,2	95,2	122,3	84,4	93,5	

Key:

1. Specification
2. Swine stock
3. Piglets below 3 months
4. Young pigs for fattening, from 3 to 6 months
5. Sows for breeding, 6 months old and older, all told
6. In farrow
7. Not in farrow
8. Porkers
9. Socialized farming

10. Total
11. All told
12. Including
13. State farms of Ministry of Agriculture
14. Producer cooperatives
15. Agricultural circles
16. Nonsocialized farms
17. In thousands

The final outlook of the development of the breeding of farm animals, however, will chiefly depend on the size of the feed base from the 1980 crop, first of all grain crops and potatoes.

The results of the June census broken up by regions showed that in the majority of voivodships (27) the number of swine was higher in 1980 than in the same period of last year, or continued at the same level. A significant increase in swine numbers--over 5 percent, compared with last year--was noted in the following voivodships: Katowice, Koszalin, Wloclawek, Szczecin, Gorzow, Slupsk and Zamosc.

From among 22 voivodships in which the June 1980 census showed a lower number of swine than in June 1979, the deepest fall occurred in the following voivodships: Radom, 9.6 percent; Ostroleka, 6.9 percent, and Leszno, 5.9 percent.

The number of sheep, according to the June 1980 census, compared with the results of the June 1979 census, showed a decrease of 15,000, that is 0.4 percent. It resulted from a decrease in the number of sheep in non-socialized farming, for in the socialized sector the June sheep count was 3.0 percent higher than in the past year.

A decline in the number of sheep on a national scale was caused by a considerable decrease in the number of sheep in as many as 28 voivodships, including over 5 percent in 12 voivodships (in the voivodships of Sieradz, Skierniewice and Siedlce--over 10 percent).

At the same time, in three voivodships (Chelm, Lublin, Nowy Sacz) the sheep count, compared with June last year, increased 10 percent and more.

The changes in numbers of farm animals in 1980, in relation to last year, together with a decline in the overall area of land utilized for agriculture, resulted in a decline in the cattle count and an increase in the swine stock per 100 ha of the farmland on the average in the country. On the other hand, differences in the levels of farm-animal stocks between individual voivodships indicate insufficient utilization of the feed potential in some voivodships (see following table).

Number of Cattle, Hogs and Sheep Per 100 Hectares of Cropland in 1980
(Situation on 30 June 1980)

Voivodships	Cattle	Hogs	Sheep	Cattle	Hogs	Sheep
	Number of head			Numerical standing of the voivodships		
Poland	66.8	112.6	22.2	--	--	--
Socialized economy	71.2	125.2	32.4	--	--	--
including:						
State farms of the Ministry of Agriculture	81.6	111.3	30.7	--	--	--
Producer cooperatives	57.2	145.3	42.6	--	--	--
Agricultural circles	33.5	200.7	44.6	--	--	--
Nonsocialized economy	65.2	108.2	18.7	--	--	--
Warsaw City	43.2	99.1	7.0	49	31	47
Biala Podlaska	52.0	128.8	43.6	47	9	5
Bialystok	55.6	89.3	25.2	45	40	17
Bielsko-Biala	80.8	96.0	45.1	5	36	4
Bydgoszcz	64.4	139.1	27.6	33	7	15
Chelm	57.7	84.0	22.1	42	44	20
Ciechanow	62.8	104.2	7.8	36	25	46
Czestochowa	67.9	99.1	22.6	21	32	18
Elblag	79.4	95.8	14.6	6	37	37
Gdansk	59.2	154.1	28.2	41	4	14
Gorzow Wielkopolski	71.4	114.1	30.2	15	20	11
Jelenia Gora	66.1	63.5	38.9	25	47	7
Kalisz	71.0	164.8	17.6	16	3	27
Katowice	65.7	116.0	35.6	28	17	9
Kielce	67.5	90.9	14.6	23	39	38
Konin	57.7	110.4	22.2	43	23	19
Koszalin	67.8	123.8	30.3	22	15	10
Krakow	66.1	98.4	17.4	26	34	29
Krosno	88.6	58.5	29.3	2	48	13
Legnica	78.2	126.4	17.2	8	13	31
Leszno	81.8	188.6	39.2	4	1	6
Lublin	60.0	123.3	17.6	40	16	28
Lomza	57.7	98.5	16.0	44	33	34
Lodz	65.7	104.2	19.3	29	26	24
Nowy Sicz	94.8	51.9	61.8	1	49	1
Olnztyn	68.0	101.7	21.9	20	29	21
Opola	77.4	126.9	14.5	9	12	39
Ostroleka	60.4	98.3	5.1	39	35	49
Pila	62.4	140.6	25.8	37	6	16
Piotrkow Trybunalski	61.9	101.3	37.6	38	30	8
Plock	65.2	112.7	10.0	31	21	44
Poznan	71.8	183.1	46.1	14	2	2
Przemysl	79.0	102.5	14.4	7	28	40
Radom	48.8	86.9	14.0	48	42	41

[Table continued on following page]

[Table continued]

Voivodships	Cattle	Hogs	Sheep	Cattle	Hogs	Sheep
	Number of head			Numerical standing of the voivodships		
Rzeszow	83.2	102.7	13.4	3	27	42
Siedlce	54.7	124.2	16.0	46	14	35
Sieradz	70.1	111.2	17.4	19	22	30
Skiernowice	62.9	114.5	17.0	35	18	33
Slupsk	64.2	108.5	21.4	34	24	22
Suwalki	64.8	87.8	19.0	32	41	25
Szczecin	65.9	133.2	29.6	27	8	12
Tarnobrzeg	65.5	84.2	6.1	30	43	48
Tarnob.	75.4	93.2	9.4	11	38	45
Torun	72.2	149.7	18.5	13	5	26
Walbrzych	71.0	70.4	45.5	17	46	3
Wloclawek	66.5	127.9	15.6	24	11	36
Wroclaw	76.6	114.3	17.1	10	19	32
Zamosc	70.8	82.0	13.4	18	45	43
Zielona Gora	72.5	128.0	19.8	12	10	23

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CONTINUATION OF AGRICULTURAL POLICY OUTLINED

Warsaw NOWE DROGI in Polish No 4, Apr 80 pp 42-56

[Article by Jerzy Wojtecki, director, Agriculture and Food Department, PZPR Central Committee]

[Excerpts] In striving to develop and modernize Polish agriculture, our party is guided by the principles of agricultural policy which were worked out jointly with the United Peasant Party at the beginning of the 1970s. This policy sets for itself three basic goals: increasing production in all the sectors of our agriculture, gradual intensification of socialist transformation of rural areas, and systematic improvement in the living conditions of the rural population.

The assertion that the farm policy has proven itself in practice and has brought positive results is supported by documentary evidence. In the years 1971-1979, despite unfavorable weather conditions, a substantial increase occurred in agricultural production. The marketable production of agriculture increased approximately 46 percent, owing to which the consumption of food products in our entire country also increased. The total production of agriculture in this period increased approximately 20 percent, while animal production increased 40 percent and crop production increased only 6.4 percent. The 40 percent increase in animal production in a period of 9 years indicates an average annual increase of 4.4 percent. One should remember, however, that this was achieved owing to, among other things, increased imports of grain and fodder. In recent years these imports have already come to constitute approximately 30 percent of the total supply of concentrated feed in our country.

As regards crop production, the main reason for its small increase has been unfavorable weather--we have had as many as 5 years of bad harvest--and incomplete and irregular deliveries of means of farm production, especially chemical fertilizer. It is, then, no coincidence that in the first half of the 1970s, when the application of fertilizer to the soil was rapidly increasing (by 60 kg of NPK per 1 hectare), grain yield increased by 5.4 quintals per hectare. In the second half of this decade, the fertilizer supply of agriculture was not increasing. Simultaneously, there was particularly unfavorable weather in this period. An example of this can be the last year, in which first a flood and then a drought substantially reduced the yield, particularly of grain. In 1979 we harvested in our country 4.2 million tons of grain less than in the preceding year. In sum, during

the last 4 years there has been no increase in crop production for this reason. Increased imports of grain and fodder have been a necessity.

A detailed study of the conditions which are necessary for increasing farm production enables us to better understand the present situation of food economy and its possibilities in the next few years. These matters, as everyone knows, arouse general interest and constitute one of the more important subjects in political work.

As a result of the consistent implementation of farm policy in 1971-1979, beneficial social transformations occurred in the rural area. The socialized sector of agriculture expanded and consolidated. In this period it took over and made productive approximately 1.5 million hectares of farmland which had been handed over by farmers to the state in exchange for pensions. There was particularly rapid development of agricultural producer cooperatives. Their number has doubled, and is at present over 2,200 units. They own approximately 750,000 hectares. All this is a testimony to an increasing interest among the rural population in this form of farming. However, the largest area in the socialized sector of agriculture continues to belong to state farm enterprises--over 4 million hectares. It was in state farming that the largest increase in production and enormous progress in improving the conditions of work and living of the work forces occurred in the 1970s.

The socialized farms own at present approximately 25 percent of the total arable farmland in our country--not including the State Land Fund--and they supply approximately 28 percent of the total goods production. Their role in influencing social and political transformations in the rural area and the progress of our entire agriculture is constantly increasing.

The years 1971-1979 were also a period of beneficial transformations in the private sector of agriculture. It was during this period that the development of farming specialization (approximately 140,000 farms) and of coproduction occurred. Over 11,000 farmer cooperatives came into being.

The role of specialization in peasant farming is proven by the fact that farms of this type occupy 8.5 percent of arable farmland in the private sector, but they are already supplying the state with over 12 percent of slaughter hogs and 10 percent of milk out of the total produced in this sector. They are producing much more than traditional farms, with lesser labor outlay but, on the other hand, with larger financial and technical outlays. In short, they are producing in a more modern and more efficient way. And so, there is no exaggeration in asserting that specialization is an enormous chance for family-type private farms.

In the period under discussion, substantial social transformations occurred in the rural area. From 1972 on, all farmers and their families have been covered by free medical care. In this connection, there has been an expansion of rural and gmina health centers (their number has increased by approximately 700 and now is over 3,000).

Of great importance in rural life is social security for farmers, being introduced at present, and various social services related to it. Up to the present time, the state has granted the farmers over 200,000 pensions and annuities on the basis

of the law of October 1977. It is anticipated--on the basis of the present demographic situation in the rural area--that in the next few years approximately 1 million farmers will have availed themselves of their pension rights. This means a change of ownership of nearly one-third of the total of private farms in our country, and it will bring about a rejuvenation of the farmer class and intensification of production on these farms.

The pension system for farmers has gained the full approval of the rural population. Other countries have also become interested in it. This system is one of the most modern social solutions in this area.

The achievements of our farm policy in the 1970s should become a factor in the mobilization of all the social forces in the rural area for the implementation of the new tasks of agriculture and food economy. Discussion before the Congress and conversations with the farmers have indicated that fairly large production reserves still exist in all the sectors of agriculture and in groups of private farms (larger and smaller, specialized and diversified) which can be utilized under present conditions at the existing level of equipment and supplies in agriculture. These are reserves from various "levels" of intensification of agricultural production, and their utilization requires a nonschematic approach on the part of the administration and agricultural service in the gmina. Thus, e.g., while developing agricultural producer cooperatives and specialized farms we cannot neglect production reserves on small and peasant-worker farms (and there are over a million of these). And so, each additional head of cattle or of livestock on these farms brings large increases on the national scale.

Activation of small farms is of great importance in the implementation of plans for increasing farm production in individual gminas. We should take a new look at the needs and possibilities of small farms. It is to these needs--as was often pointed out in the discussion before the Eighth Congress--that we should adapt the system of production services, as well as of agricultural procurement contracts and professional consulting. A particularly large role in this area is that of rural cooperatives, especially horticultural and dairy ones, as well as agricultural branch associations. Obviously, what is meant here is concrete activity.

For this purpose, at the 15th Plenary Session of the PZPR Central Committee in October 1974 we worked out and introduced for the first time in our country a long-range and comprehensive program of development of our agriculture along with our entire food economy. This program has set a long-range task (up to 1990) in the area of development of agriculture and agricultural services, food industry, agricultural science and education, and simultaneously it has defined the duties of the farm machinery industry, agricultural chemical industry, building materials industry, and others, toward agriculture and food economy. This program is a creative development of the premises of farm policy in relation to the national needs.

Increased outlays and funds from the state budget have been earmarked for the implementation of this ambitious program. Undoubtedly, it is a large, indispensable, and purposeful effort. However, we are aware of the scale of the development needs of food economy, and we know perfectly well that it will be a long time before we are able to fully satisfy them.

The 1970s were, undoubtedly, a breakthrough period in the development of industries servicing agriculture and food economy. Particularly dynamic was the development of the farm machinery industry. We should remember, however, that its production base was then negligible. Its value amounted in 1974 to barely 16 billion zlotys as compared with over 1.2 trillion zlotys of the value of fixed assets for production in the entire industry. In addition, the then existing base of the farm machinery industry was mostly obsolete. And so, it was necessary to invest not only in the construction of new plants, but also in thorough modernization and expansion of the existing production plants which were often 100 years old. During the past 5 years the value of fixed production assets in the farm machinery industry has doubled and it now amounts to over 30 billion zlotys, which represents approximately 1.3 percent of the production potential of the entire Polish industry. It is worth adding that the production potential of all the industries producing the means of production for agriculture (machinery, fertilizer, pesticides, etc.) is estimated at approximately 90 billion zlotys.

The conclusion from the above is that barely about 4 percent of our country's industrial potential has been directly engaged in the implementation of the task of developing and modernizing our agriculture. Probably no one has to be convinced that this is insufficient both for the present and even more so for the future needs of agriculture which employs approximately 28 percent of the gainfully employed population in our country and produces approximately 14 percent of the national income. Thus, further endeavor of the national economy in this area is absolutely necessary. This is taken into account by the resolution of the Eighth PZPR Congress which commits us to continue in the 1980s the implementation of the program of development of agriculture and food economy.

The 1970s also bore fruit in the development of the food industry, although it should be stated that even in this area much remains to be done. It is a fact, however, that the above was a period of the most dynamic development of this important branch of food economy. Total investment outlays for this purpose will amount to 225 billion zlotys in 1971-1980. These outlays are more than twice as large as those in the whole 20-year period between 1951 and 1970. With their aid we have built in our entire country over 300 large and medium-size food industry plants. These include 11 meat processing plants, 13 cold storage plants, 9 poultry processing plants, over 60 dairy plants, 28 grain elevators, 3 sugar mills, 20 feed mills, and 58 soft drink plants. Moreover, we have built 730 bakeries and many other smaller processing plants which are also accounted for in the total balance sheet of the production capacity of the food industry and food economy.

The food industry performs an important function in meeting the food needs of our society. Simultaneously, it influences greatly the development and intensification of farm production. For this reason, agriculture is keenly and directly interested in expanding the processing base of this industry. In a final result, it is this base that decides the full and rational utilization of raw materials which are produced by agriculture. Problems which we continue to have in the utilization of these raw materials, and especially those of abundant supply of milk in the spring and summer season, or of fruit and vegetables in so-called good harvest years, are eloquent proof of the need for further development of the food industry.

The main investment areas are precisely those of dairy industry, fruit and vegetable processing industry, feed industry, and poultry processing industry. An important task is the completion of investments which have already been made in these industries. In the coming period the majority of investment outlays will be earmarked for the modernization of processing plants.

Against the background of the development of the food industry and of industries producing the means of production for agriculture, the conditions for increasing farm production and the possibilities of our food economy are more clearly outlined. As is known from the resolution of the Eighth PZPR Congress, the 1981-1985 anticipated increase in the consumption of food articles and the need to balance the foreign trade in these articles (food, grain, and fodder) requires an increase of at least 12-13 percent in agricultural production (calculated in the net final effects), and an increase of 15-20 percent in the food industry production.

It will be necessary to implement these tasks under more difficult social and economic conditions than those in the 1970s, which are influenced by, among other things, energy and raw material problems. In this situation, the basic condition for full implementation of the outlined tasks in agriculture, as well as in the entire national economy, is the maximum utilization of all the elements of the production assets: land, livestock buildings, machinery, fertilizer, fodder, etc. This will require not only a greater effort and endeavor, but also a new approach to the implementation of the tasks. This concerns especially the allotment of farmland and the distribution of fodder and chemical fertilizer. This relates also to the methods of work of the farm service and technical cadre employed in servicing agriculture. The indicator of management efficiency becomes the principal criterion for evaluating the work of every farmer and employee. In brief, what counts is how much he is able to produce from 1 hectare of farmland or from 1 quintal of fodder.

Management efficiency in agriculture is a complex problem. Here it is often difficult to separate the results of a farmer's work from the influence of his partners in industry or agricultural service. Poor-quality machinery, low quality industrial fodder, late deliveries of chemical fertilizer--all this has an adverse impact on the effects of farm production. The farmer is not able to make up for these shortcomings by his own work, however painstaking and strenuous it may be. Hence the enormous importance of the partnership responsibility of all the work teams whose appointed task is to service and supply our agriculture.

The key task of our agriculture, and the one that requires particular attention in the activity of economic as well as political organizers in the rural area, is to substantially increase crop production, especially production of grain and fodder. Agricultural raw materials, especially grain, have a strategic value in world markets. Their total supplies--in view of widespread hunger and malnutrition in many regions of the world--are inadequate. What is more, their production costs and prices are steadily increasing. Consequently, every country is attempting to solve the grain problem within its own competence. This is done for both internal and international reasons.

Poland imports considerable quantities of fodder components and grain. The reasons for it are well known. An illustration for them is the fact that in

1971-1979 animal production increased 40 percent, while crop production increased a mere 6.4 percent. There is no exaggeration, then, in stating that solving the problem of grain and fodder is the basic condition for increasing animal population and improving our country's population supply of animal products. There is no other possibility. Because in increasing animal production we have attained a level which can no longer be raised by means of increased imports of grain and fodder. On the contrary; our country's economic situation requires gradual reduction of these imports and balancing of foreign trade in these items.

The basis for increasing farm production is the proper utilization of all the arable farmland resources in our country. Today this is the key problem of our farm policy and our food economy. Possibilities of improving the nation's food supply depend on how much we are able to produce from each hectare. In our country we have limited farmland resources which, in addition diminish by 30,000 to 50,000 hectares each year. Meanwhile, our population increases by 1 million inhabitants every 3 years. Therefore, the basic problem of our food economy consists in making these diminishing farm land resources feed an ever increasing population. The only real way to reach this goal is to intensify production over the whole "food crop area" which we have at our disposal.

Of added importance in the present period is the management of farmlands which are being handed over by retiring farmers. We anticipate that by 1985 approximately 1 million farms with a total area of 3-3.5 million hectares will have changed hands. In the majority of cases the new owners will be the farmers' successors. But close to 1.5 million hectares of land will have passed into state ownership. Both the fate of the land which is being handed over to successors and of the land which is passing to the State Land Fund should be of concern to the local administration and to farm service. Briefly, what matters is that in both cases the land should pass into good and able hands. Therefore, it is already necessary to initiate in the gminas appropriate activities aimed at proper professional preparation of the successors and providing them with opportunities for developing and modernizing their farms, including opportunities of purchasing additional land.

When we speak about land management we cannot disregard the problem of the conservation of farm and forest lands. We must counteract, in a more decisive and effective manner, excessive transfer--often in a casual manner--of lands for nonagricultural purposes. There have been many such cases recently despite the existing legal regulations. For example, the fact that during the past year our agriculture lost a record large area of farmlands--over 60,000 hectares--merits both a detailed study and the drawing of appropriate conclusions. Awareness of the losses which are suffered by our food economy on this account must be shared by all the persons who influence land management.

The gmina is the basic link in the management and control of the processes of the development of agriculture. In it are concentrated the units of agricultural service, offices, institutions, and social organizations that are closely related to agriculture and rural life. The gmina authorities (the office and the head) have vast competences and powers in the area of administering and coordinating farm economy. Full and proper utilization of these organizational and administrative factors is absolutely necessary for the activation of rural production and for utilization of reserves of agricultural production.

Of enormous importance here is the way in which the gmina office and gmina head work, and their attitude toward the vital problems of the rural population and the

needs of agriculture. One should remember that the organs of local administration in the gminas play a decisive role in all the most essential economic matters of the rural area: land management, construction development, allotment of means of farm production, credits, building materials, development of agricultural procurement activities, specialization, coproduction, farmers' cooperatives, and also agricultural education and production consulting for farmers. The best measuring standard of proper utilization of these powers and fulfillment of basic duties is an increase in agricultural goods production in the gmina.

In the implementation of the tasks of agriculture much depends on the activity of gmina national councils. These organs of state authority in the gmina have the obligation not only to correctly program the development of agriculture in their territory, but also to supervise the implementation of these objectives. Through the presidiums and commissions, and also through social control committees which were appointed in 1978, the national councils in the gminas have the opportunity to actively influence the successful and correct implementation of plans for development of agricultural production and services, as well as of social actions.

The increasing demand of the rural area for production services requires further development and strengthening of agricultural producer cooperatives. They still do not have adequate equipment and technical facilities. But it is also true that not all the agricultural producer cooperatives properly utilize what they own. Next to model units, unfortunately, there are also examples of mismanagement and waste.

For a year now the reform of management in agricultural producer cooperatives has been in progress. They are getting rid of secondary duties which are often unrelated to agriculture. Their principal task is to render service to agricultural farms. Thus, attention should be paid to how individual producer cooperatives fulfill this task, whether they are improving the system of their services and render them to farms which need their help most. The topic of the quality and timeliness of the services and the quality of service performance continues to be of current interest. Quality of services is, above all, a problem of personnel. Therefore, it is indispensable to relate the system of remuneration, bonuses, and performance awards of employees not only to quantitative indicators of their performance, but also to its quality, whose tangible evidence is furnished by effects in farm production. In these matters it is necessary to appeal to the rural population's opinion more boldly. This is the work task for the self-government of agricultural producer cooperatives.

Progress in the development of agriculture and in the utilization of the production reserves of peasant farms depends to a large extent on the work of gmina "Peasant Self-Help" cooperatives. They own substantial assets and many instruments of economic influence on the development of farm production. What matters is to fully utilize these opportunities. For this purpose it is necessary to increase the organizing role of the cooperative movement, to coordinate its efforts, and to direct them toward the most important problems in agriculture and rural life. The implementation of the tasks of agriculture requires the initiation of many other economic, social and political actions.

DEVELOPMENT OF RAILROAD CONSTRUCTION OUTLINED

Warsaw **SYGNALY** in Polish 17 Dec 80 pp 1, 2

[Text] Toward the end of this month the first electric train is expected to arrive in Terespol. This will be possible thanks to the electrification of the 37-km Biala Podlaska-Terespol route. Electrification of the Warsaw-Minsk Mazowiecki-Siedlce-Lukow-Terespol line will be completed; this is the eastern segment of the long east-west trunk line. A year ago the track between Lukow and Biala Podlaska (52 km long) was electrified, and in September of this year a track system was brought from Biala Podlaska to Chotylow (16 km). The electrification of this artery was preceded by modernization of the signaling and track systems. Among other things, a 7-km second track was built between Malaszewiczy and Terespol. The overall responsibility for carrying out these tasks lies with the crews from the Warsaw PRK [Railroad Construction Enterprise] 7, the Radomsko PRK [Railroad Building Enterprise] and the Warsaw PKRR [Track Work and Installation of Traction Substations]. Much of this work was done by operating services crews of the OKP [Central State Railroad District].

As far as the western segment of the east-west trunk line is concerned, an electric track system was brought to Zbaszyn in December of last year. Preparations are presently being made for electrifying the last portion of this route: Zbaszyn-Rzepin-Kunowice. Electrification of this segment is to be completed in 1983. It will then be possible to use electric locomotives to move trains along the entire Kunowice-Terespol artery.

Soon electric trains will begin running along the whole 42-km Bytom-Zabrze-Biskupice-Pyskowice-Gliwice line, connecting important railroad junctions in Silesian industrial areas. Toward the end of last year, a 17-km segment of the Bytom-Zabrze-Biskupice route was electrified. This made it possible to use electric locomotives to move trains from the Poznan and Wroclaw areas to Zabrze, Biskupice and back without the bothersome changing of traction devices.

This month electrification of the 25-km Zabrze-Biskupice-Gliwice segment will be completed, together with a branch line to the Zabrze Makoszowy Kopalnia station. By this means the Gliwice junction will obtain an electrical connection with an outlet in the Tarnowskie Gory direction.

The track and substation work on the whole segment was done by the Wrocław PRK [Railroad Construction Enterprise] 8. Prior to this work, the track layout on the routes and stations was altered. Crews from the Silesian OKP exploitation services also participated in this work. Among other things, the Bytom Bobrek station was modified. Furthermore, six train viaducts were rebuilt to conform with the requirements of the traction system installation. The line runs over terrain on which there is mining damage. Because of this, special reinforced supporting structures were adapted to this section of the track system.

Soon the new Lublin Tatar marshalling station will be put into operation. Its construction began in 1974. The following were required to complete this undertaking: displacement of 340,000 cubic meters of soil, laying of 435 km of track and 99 turnouts, switching mound systems with four braking platforms, construction of buildings for technical use with a total volume of 13,500 cubic meters, and electrification of a series of tracks as well as the northern Lublin Osoboway-Adampol and Adampol-Swidnik circuit. Arrangements have been made near the new marshalling station for a siding system for a house construction factory, FSC [Truck Factory] cold storage, and other industrial enterprises in the Tatar region. The Radomsk PBK had overall responsibility for this project. The specialized work was done by personnel from the KZZRL [Lublin Railroad Communications and Signaling Systems Plants], the Bydgoszcz KZL [Railroad Communications Plants], the Warsaw PKRE [Railroad Electrification Construction Enterprise], the Biłograj PBKD [Railroad Construction Enterprise], the Kielce PBM [Machine Construction Enterprise?], the Łódź PRT [Transport Construction Enterprise?] as well as the Lublin communal enterprises for engineering and road-engineering work. All those mentioned above were competently aided by workers from the Eastern OKP technical exploitation services. The overall designer of the Lublin Tatar station is Edward Dziurget, M.A., engineer from the Warsaw "Kolprojekt." Others who cooperated in it were specialists from the railroad project offices in Lublin and Krakow.

Until now, Lublin has not had a real marshalling station. Marshalling operations there were and are carried out on short tracks with terminal supports, at the Lublin Główny [Main] station and at the old Tatar station, at which there is no switching mound. Division of operations between these two systems required and requires return rides by the rolling stock, causing it to remain longer in Lublin.

In the seventies, certain tasks were completed in Lublin which made it necessary to proceed with building track systems for the new Tatar station. These were tasks such as: moving the tracks between Lublin and Swidnik, modernizing the Swidnik station, building a new depot at the Northern Lublin passenger stop and altering two-track systems which were assigned to siding service for the Tatar area.

One of the first steps in the planned complete reconstruction of the Lublin train junction will be to turn over for use the newly-built Tatar station. The following are also planned for the unspecified future: Construction of a new PDP and PKR [Polish State Railroads and State Motor Transports] depot to replace the old, non-functional PKP depot; elimination of the old marshalling station as well as the technical facilities buildings of the railroad car and locomotive service; and construction of a new locomotive shop and passenger train depot in the Swidnik Minkowic region.

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REPORT ON TYPE, IMPLEMENTATION OF ECONOMIC REFORMS SUMMARIZED

Warsaw ZYCIE GOSPODARCZE in Polish No 51/52, 21-28 Dec 80 pp 7-9

[No author given: "Main Directions and the Method of Achieving Them"]

[Text] The following text is a summary of a report more than 100 pages long prepared by Leszek Balcerowicz on the basis of more than 2 years' work by a team composed of: Leszek Balcerowicz (GSPiS [Main School of Planning and Statistics]), Henryk Bak (SGPiS), Barbara Blaszczyk and Marek Dabrowski (Institute of Organization of Administration and Improvement of Cadres), Jerzy Eysymontt (Institute of Planning), Wincenty Kaminski (SGPiS), Stanislaw Kasiewicz (SGPiS), Adam Lipowski (Institute of Planning), Ryszard Michalski (Institute of Basic Problems in Marxism-Leninism), Andrzej Parkola (SGPiS) and Piotr Pyas (Silesian Polytechnical Institute). The team worked at the SGPiS Institute of Economic Development, making use of the substantial and organisational aid of many people, particularly including: Docent Maciej Muszynski, Prof Josef Soldaczuk, Docent Rafal Krawczyk, Prof Pawel Sulmicki, Prof Wacław Wilczyński, Prof Witold Trampczyński and Prof Stanisław Góra. The team also benefited from materials prepared for its use by Master Sławomir Ludwikowski, Master Tomasz Gruszecki and Dr Anna Mokrysz-Olszewska. The full text of the report was published by PTE [Polish Economic Society].

Introduction

On the basis of a preliminary diagnosis of the previous system of functioning of the economy, the Report isolates decisive links in economic reform, including systems changes as well, without which any reform will be incomplete or a sham, and therefore destined for failure:

1) Definite elimination of the directive-distribution mechanism under central control, and in this connection:

a) Replacement of the procedure of publishing a central plan by autonomy in planning by various organizational units (i.e., plant and equipment) through the existence of institutional forms of their genuine and voluntary participation in planning the development of the country;

b) Complete replacement of distribution of products through horizontal contacts between suppliers and customers;

c) A limitation on the distribution of financial resources to those fields which can and must, from social considerations, be financed from the budget. Development of other resources should proceed on the basis of self-financing regulated by taxes built into the financial system; and

d) Complete elimination of centrally directed orders through their replacement by other control mechanisms.

2) Thorough changes in the organizational structure of the national economy and of the rules of its formation, as an indispensable condition for introducing and/or improved functioning of the solutions mentioned above. This particularly refers to:

a) Radical reconstruction of the central economic administration, particularly including the elimination of its industrial subbranch element (industrial branch ministries) and the elimination of the subbranch system in other organs, especially the Planning Commission;

b) The elimination of official dependence between ministries and the management of economic organizations;

c) The elimination of many needless management links in the nonsocialized economy (central offices of associations, so-called combines) as a necessary condition for the elimination of its monopoly and to assure as well independent activity for basic economic units: the production plants; and

d) The introduction of rules for the institution, grouping, deconcentration, changes in directions of activity and liquidation of enterprises, which would assure the organizational structure of the economy the necessary flexibility and, at the same time, would prevent production monopolization.

The functioning of our economy finds itself under the intense influence of the whole institutional system of the country, especially the political system. Therefore the Report isolates indispensable institutional conditions for the success of the economic reform.

1) Also recognized as a decisive condition is changes in the apparatus and methods of Party activity, which:

-- Make possible an increase in factual authority and genuine influence of representative organs: the Sejm and national councils for central and local administration; and

-- Eliminate the effect of party apparatus on existing management of the economy.

The changes necessary to meet these two conditions are concurrent with the generally advanced postulates of Party democratization and our whole public life, such as:

a) Separation of party organs from administration by means of a prohibition against the accumulation of positions;

b) Acceptance and observation of the general principle of Party influence on representative organs only by means of their members who participate in these organs;

c) An increase in the range of representation in representative organs, thanks to suitable principles of their election, particularly by reducing the participation of members of the party apparatus and administrative apparatus in these organs;

d) A reconstruction of the structure and choice of directions of party apparatus activity which guarantees its concentration on social matters and matters of moral education, and also on the elaboration of general propositions for socioeconomic strategy.

2) A second indispensable condition is the organization of economic law and, within the framework of general decisions, statutory regulation of the process of its formation. Other thorough systems changes postulated should have legal support in pertinent statutes. Parallel to these should be the elimination of all needless statutory regulations. In order to erect a permanent dam against the ceaseless flood of needless or harmful regulations it is necessary to enact a statute on the formation of law as rapidly as possible. Its enactment and moment of introduction should correspond to the program of economic reform.

The Report formulates a number of suggestions concerning the content of this statute, such as: the publication of all legal acts, the introduction of mechanisms of control over agreement between acts on a lower order with acts on a higher order, the introduction of a principle for passing laws along with suitable executive regulations and so forth.

The next targeted system postulated is subject to two criteria: economic correctness and social adequacy composed of: participation of society in control in various institutional forms and degrees (nationwide, local, plant), organization of economic development for the sake of the quality of life. Division of individual incomes in accord with sentiments of social justice, minimization of harmful social phenomena inseparably associated with economic inefficiency (corruption, dishonesty in contractual relations, laxity).

The Report makes the general assumption that many solutions necessary from the standpoint of one of these criteria is also necessary or at least favorable to attaining the second. A particularly strong concurrence occurs in the case of other solutions proposed, such as: the introduction of a social procedure for overall economic planning based on a voluntary share in various institutions, an increase in the authority of the national councils, especially on the basic level, reduction in the bureaucracy of the cooperative movement, and the introduction of the institution of real participation by workers in the management of economic organizations.

The possibility of genuine operation of all of these solutions depends on the elimination of the directive-distribution mechanism of control and changes in the organizational structure associated with it. Making these necessary transformations simultaneously opens the door to an increase in the role of the market mechanism, which in turn is mainly necessary in view of economic efficiency. In postulating an increase in the role of the market mechanism, we simultaneously assume: a) a decidedly greater effect of it in the enterprise sphere than in the sphere of the economic and social infrastructure; b) the introduction of organizational structures and principles for their formation countering market monopolization; c) the introduction of institutions and procedures for antimonopolistic control; d) the formation of institutions of the consumer protection movement; and e) a guarantee of efficient central influence on prices, including direct control of retail prices for basic consumer goods. Increasing the role of the market mechanism, understood in this way, while strengthening the efficiency of the economy, should simultaneously augment its social adequacy by means of the elimination of negative social phenomena associated with the economic imbalance and a limitation on income resulting from a monopolistic position of economic organizations.

Furthermore, in order to counter any potential negative social effect from the proposed solutions, we assume: a) the introduction of instruments to regulate individual income: an income tax and a social minimum, for the sake of opposing their excessive spread; b) expansion of the institutions and mechanisms of the employment policy; and c) the introduction of a procedure making it possible to grant temporary, repayable aid to unprofitable enterprises, but obliging them at the same time to return to self-financing.

The above changes imply a very definite shift in the center of gravity in central planning from individual matters to strategic solutions for the entire economy and society, such as: the standard, the basic structure and rate of growth of the main socioeconomic sums, particularly from the viewpoint of the economic balance, the main directions of consumption development, especially collective consumption (including protection of the environment), fundamental changes in the sector-branch structure and the concomitant directions of investment in the economy, the major directions and programs of research and developmental work in the country and so forth.

At the same time these changes mean a qualitative change in the instruments which the central organs should use to create the desired changes on a larger scale, above all a shift from instruments alien to the logic of the market mechanism to instruments based on its use, and thus acting through financial income and demand. Changes in the content and methods of central control, necessary for cohesion with all of the solutions, are also necessary to increase the efficiency of central control because they mean a concentration of the attention of the central organs on the problems which only they can solve well, at the same time relieving them of other matters. At the same time they are relieved of mass rank and file manipulation inseparable from the directive-distribution methods of control. In this connection they increase the credibility of information on which the purposes and instruments of direction can be planned.

Part I: Targeted System and Major Directions of Change

I. Central Organs

1. Formulation of goals of economic policy. Overall economic planning.

1.1. Content and kinds of overall economic plans.

At this point it is necessary to differentiate in the overall economic plans a stipulated part including final goals in the area of life quality and their embodiment in government problem programs, and an instrumental part which should include concrete government undertakings financed from the budget and, to the extent possible in this area, projects for changing the instruments of central control. A fundamental limitation is also required in the minuteness of overall economic plans, along with the elimination from them of the ministerial plant and equipment structure in favor of synthetic inter-subbranch formulations. In this connection there has been proposed a system of plans embracing: a) government problem programs with various time horizons; b) a long-range plan serving to coordinate them and to define the total vision for national development; c) a medium-range plan uniting the stages of realizing the government programs and the activity of the autonomic organization units [i.e., plant and equipment] from the standpoint of maintaining a medium-term

economic balance, and d) a short-term plan fulfilling a similar function in the short term. Alternatively a progressive medium-term plan could be introduced in positions c) and d).

1.2. Methodology of overall economic planning

Among other things there are proposals for solutions serving to consider the factors of uncertainty and to replace real detailed balancing by macroeconomic modeling and methods of real financial.

1.3. Social procedure for overall economic planning

1) The previous procedure of "a planning boat" and its concomitant "publication" of the central plan for orders, allocations and limits restricts the circle of participants to those who are associated with hierarchical organizations, is transparent to society, and inevitably creates stimuli to conceal real intentions and to distort information on the subject of needs and possibilities. If we wish to "socialize" overall economic planning, we must absolutely renounce this procedure and replace it by voluntary participation of a wide circle of socioeconomic organization units [i.e., plant and equipment] and of all of society by establishing special forms of this participation.

2) Within the framework of the new planning procedure the role of the main staff and coordinating organ would be played by a reformed Planning Commission, which would prepare the initial plan designs, would organize the participation of various organization units [i.e., plant and equipment] in planning and would "submit," thanks to the new planning technology, alternative proposals advanced there with respect to final goals for all structures of economic proportions.

3) In adopting the principle of planning autonomy at the level of economic organizations, it is necessary to simultaneously introduce new forms of communication of information between the overall economic planning and the planning in these organizations, such as: a) voluntary participation of representatives of enterprises and their associations in pertinent problem commissions; b) the transmission to economic organizations of information on preliminary drafts of an overall economic plan, and c) the collection, for the use of central organs, of anonymous information legally defined for this purpose on enterprise intentions, especially in the field of investments, new processes and products, and employment.

Organizations in the sphere of the economic infrastructure could have limited planning autonomy, for example, through the obligation of subjecting plans to pertinent central organs for approval.

4) It is necessary to establish forms of participation in overall economic planning of organization units [i.e., plant and equipment] which

are the advocates of quality in work and life, especially trade unions, and also consumer organizations. Also important is the participation of representatives from scientific institutions (such as PAN [Polish Academy of Sciences]), scientific associations and social organizations.

5) Plans developed during the above procedure (in which Sejm commissions would participate) would be the object of resolutions of the Sejm in an area established by it. It appears that this should primarily concern large programs in the field of life quality (for example, health protection, the residential program), with their determinations being compared with factual results in this sphere and resolutions of other plans, and conclusions could be deduced with respect to the work of the government (vote of confidence for the government and individual ministries). The introduction of a basis for expressing an opinion on the plans submitted to the Sejm from different points of view by different institutions, for example, the Central Bank, trade unions and the National Economic Council, is worth considering.

6) Forms of direct participation of society in overall economic planning should be developed, for example the organization of public discussion in the mass media. Worthy of consideration is the introduction of a referendum for determining fundamental matters.

2. Organization of central economic information

Required here is integration of information required of economic organizations and currently crushed between the various departments and the legal determination of the scope and type of information which these organizations would be obliged to submit to central and local organs, with the introduction of safeguards against the constraint of additional accounting.

Also needed is a definite strengthening of the role of research and prognosis, particularly concerning: threats to the balance (ecological, the world economic situation, national investment processes and so on), the directions of social evolution, structural changes in the economy on the basis of world trends, and changes in world technology.

With respect to proficiency, it is proposed that a special coordinating organ be established in the field of collecting, accumulating, storing and making available central information which in particular: a) would develop uniform principles for the establishment and organization of central information (for example, forms of source documents) and would control compliance with them and b) would keep a file of all stores of central information without respect to their location. The function of this organ could be fulfilled by GUS [Central Office of Statistics], which would then have to be subject to the Sejm (on principles similar to those of NIK [Supreme Chamber of Control]) or by a special organ (named, for

example, the State Information Center), or by similar placement in an institution.

It is necessary to develop clear, universally compulsory regulations on the subject of accessibility of central information. It is assumed that, beyond a closely defined sphere of defense capability, state security and trade secrets, central information will be available to every consumer under the condition of compliance with the legal procedure for making requests.

3. Instruments of central control

3.1. General directions of changes

1) A withdrawal from the directive-distribution mechanism of control is recognized as a fundamental matter which requires the following changes:

a) The center of gravity must be shifted from instruments in disagreement with the logic of goods and financial relations to instruments in agreement with this logic;

b) Directed instruments should give way to unaddressed instruments;

c) The central organs should concern themselves with individual concrete affairs of economic organizations only on the principle of management by way of exception, and this according to narrowly defined procedures (for example, a procedure for enterprise bankruptcy, a procedure regulating the application of economic organizations for subsidies, an appeal procedure for enterprises on the strength of anti-monopolistic regulations and so on);

d) Along with the control instruments of the authorities, use should also be made of non-authoritarian resources (contracts); and

e) Along with permanently operating control instruments, the government should have at its disposition resources of an extraordinary nature, used on the basis of exception, for example, temporary prohibitions against certain activities, obligatory deposits and quantitative restrictions). The procedure for implementing them should be such that they could not be transformed into permanent elements of central control (for example, a need to obtain approval from a pertinent Sejm commission for a period determined higher up).

2) Within the framework of the general regulation of the process of establishing and controlling the use of law, it is necessary to define statutory bases for implementing and using central control instruments. Particularly:

- a) There should be a definition of the implementation and change by which a control instrument enters the sphere of determination by the Sejm, and thus requires its approval;
 - b) Changes in control instruments should be announced far ahead of time to the extent possible, so that economic units could conform to them in time; and
 - c) Economic organizations should have the right to appeal to the Sejm from individual decisions of organs of the central (and local) administration, including the right of demanding compensation for losses caused by a decision which does not agree with the general regulations of law.
- 3) The methods described above should be used with different specifications and intensity with respect to typical enterprises and with respect to organizations in the economic infrastructure sphere.

3.2. Characteristics of individual instruments

Here the following central control instruments are characterized: control of organizational structures, instruments for financial-credit policy, budget subsidies, taxes, price and rate of exchange policy, wage and income regulators, employment policy instruments, compulsory deposits, general prohibitions, quantitative restrictions and norms, concessions (licenses) and contracts. We will discuss only a few of these below.

Control and regulation of the market structure, counteracting the formation of monopolistic groupings and understandings, are recognized as an important task of the central authorities. Needed is an organ in the form of an Antimonopolistic Commission (subject to the Sejm) or a special NIK service, which should: a) keep watch over the formation of organizational structures; b) examine the conventional proposals for approval of permanent or temporary connections among enterprises; c) accept and examine complaints of economic units, consumer organizations, individual customers and so on with respect to market monopolization; d) commence suitable proceedings on their own initiative or on the basis of such complaints; e) in case the charges are verified, see to the obligatory dissolution of the monopolistic grouping or understanding; and f) submit to the Sejm drafts for changes in antimonopolistic legislation.

A definite limitation on the amounts of budget subsidies is required, as well as a fundamental change in their appropriation. The place of subsidies granted to cover unprofitability caused by price reductions, uneconomical management or a lack of conditions to develop a given field in the country should be replaced by selective subsidies stimulating narrowly defined activities, such as: technological and organizational innovation, definite investment, for example, saving energy or protecting the environment, and the development of some regions.

The Report proposes a number of forms of central effect on prices, such as: a) direct determination of basic price-forming parameters: the rate of exchange, customs duties and other trade policy methods, amortization rates and so on; b) direct designation of a purchasing center for agricultural products; c) control of the sales prices of basic raw materials and energy and retail prices for basic consumer articles by expressed approval of price raises; d) expressed agreement for the lowering of prices of some products (for example, alcohol, cigarettes); e) designation of turnover tax rates which should be used exclusively for products recognized as socially harmful, collected at the trade level; f) determination of rates for product [i.e., goods and services] subsidies; and g) the possibility of appeal for freely determined prices on the strength of antimonopolistic regulations.

The report discusses instruments for regulating individual wages, and particularly the system of minimum wages. In addition it very strongly stresses the need for implementing income regulators for a family member in the form of a progressive income tax and a social minimum.

The use of concessions (licenses) is also proposed in the form of an obligatory request for approval by economic organizations to undertake certain permanent activities or undertakings, for example, foreign trade by industrial, agricultural and other organizations, licensing transactions abroad and transactions for certain technological projects, and so on.

A great deal of emphasis is laid on contracts concluded between central organs and enterprises. They can replace production orders and distribution connected with arms production and supplies for CEMA countries.

4. The structure of the system of central organs

4.1. Central economic administration

1) Simultaneous execution of the following changes in the area of industrial branch ministries, most strongly meshed with the directive-distribution method of economic control, is recognized as a decisive matter: a) basic limitations on employment; b) elimination of the service dependency between ministers and the administration of economic organizations; and c) integration of ministries.

Changes a) and b), and the elimination of the entire directive-distribution mechanism are of decisive importance, thus including the appearance of ministries in the role of organization units [i.e., plant and equipment] of a plan. The mere integration of industrial branch ministries without these three activities is practically impossible, because these ministries would simply be transformed into departments of an integrated ministry, and would continue to play the same role. On the other hand, if these changes were made, the integration would be purposeful, because it would facilitate the performance of new functions and would counteract disintegration of central control.

As a result of changes a), b) and c), one Ministry of Industry should be established, which: 1) as a staff organ of the government would carry out its own studies and would profit from outside studies on the development of this department and, on this basis, would cooperate in preparing relative drafts for government decisions; 2) would function on the basis of general legal documents according to the instruments of economic policy which require direct contact with enterprises: would grant subsidies for various purposes (especially the development of technology) and concessions for entering protected fields of industry, would conclude contracts with enterprises and so on.

For proper performance of the functions mentioned below and to counteract the regeneration of the "subbranch system," it should have a flexible structure to function in problem areas.

Similar changes should also occur in other ministries concerned with organizational sectors of the economy.

2) The Planning Commission should undergo fundamental changes. It should, namely: a) be transformed into a central staff and coordinating organ in the area of overall social planning, consequently eliminating the previous functions of current management; b) fundamentally change its previous structure by removing the domination of industrial subbranch groups and assuming a problem-functioning nature; and c) decidedly reduce employment and replace cadres to the degree necessary to enable it to operate according to modern planning techniques.

3) Central cooperative unions are organs with a role close to that of the current industrial branch ministries. The question of their position should be determined by establishing principles of genuine cooperative movement, so that the cooperatives themselves could decide whether and what authority they wish to transmit to the organs of their associations.

4) In connection with qualitative changes in the instruments of central control, the role of the central functioning organs (Ministry of Finances, Ministry of Labor, Wages and Social Affairs, the Ministry of Foreign Trade and so on) should be enlarged, with a simultaneous specification of their competence and procedures for cooperation.

5) A result connected with the changes in the central economic administration should be a decided reduction in employment. In order to exclude any new growth after implementing its reduction, a permanent limit should be introduced in the form of a minimal share of expenditures for central administration in the state budget. Exceeding it would require preliminary, specific justification before the Sejm and obtaining its approval. It is extremely important that people of high qualifications, capable of real staff work, be employed in the reduced administration. Therefore, in addition to the indispensable initial change in cadres, it

would be necessary to implement a suitable system of acceptance, preferably in the form of competition including tests and examinations.

6) The above changes, especially the reorganization of the industrial branch ministries and the Planning Commission in association with the basic reduction in the detail work of central control, constitute indispensable conditions for concentrating in the hands of the government decisions in the field of economic policy, currently scattered among various central administration organs. This should find firm support in the principle of concentrating all legislative activity in the economic area at the government level (to the extent that it is not reserved to the Sejm). This would mean a prohibition against other organs of central administration issuing legal documents by themselves (eventual delegation for issuing such documents should be limited to functional ministries). On the other hand their role should rely on the preparation of drafts for government decisions (staff activity) and on the operation of the introductory instruments of central control (on the strength of general legal statutes) wherever individual decisions are required.

4.2. Economic judiciary and organs subject to the Sejm

In connection with changes in the method of central control, decided strengthening in the economic judiciary is required by expanding its competence in economic arbitration and/or universal jurisdiction.

The system of central organs should also include certain new or reformed institutions which should have a certain degree of autonomy from the government in order to perform their functions well. They should therefore be subordinate to the Sejm through a suitable process of appointing and discharging their leadership. This concerns the Central Bank (see III.2.1.), the National Information Center (alternately a reformed GUS), and an Antimonopoly Commission as an independent organ or as part of NIK.

4.3. The role of the Sejm

1) It is necessary to strengthen and to define more clearly the role of the Sejm in socioeconomic matters by: a) defining the decisions, the drafts of which the government is obliged to submit to the opinion of the Sejm or its commissions; b) defining which matters are subject to decisions of the Sejm and binding on the government; and c) strengthening the control mechanisms of the Sejm over execution of the decisions adopted by it and over all the work of the central administration.

2) The sphere of binding decisions reserved for the Sejm should include: establishment and changes in the principle of economic relations (economic code), definition of the competence and principles of activity of organs of central administration, large programs in the field of social consumption and concomitant establishment of overall economic plans,

the state budget, personal taxes and social benefits, the extent of the base for granting subsidies for definite purposes, and major international obligations of the country.

3) In order for the decision-making authority of the Sejm to have factual meaning, its mechanisms of control over the central administration should be strengthened, including, regardless of changes in the NIK situation, a clear definition of the scope and method of renewing government responsibility before the Sejm for the achievement of overall economic plans and the state of the economy (vote of acceptance), the creation of permanent staff elements of the Sejm making competent investigation of government proposals and procedures with them possible, the use of independent research and reports, the right to summon any persons, including administration workers, to obtain necessary information and to oblige organs of the administration to make any documentation available at the will of the Sejm and its commissions. This must refer both to already completed actions of the administration and to planned actions.

II. Economic Organizations

1. Types of economic organizations

1) Two fundamental types of sectors can be distinguished in the economy: a) an economic infrastructure and b) the sector of enterprises (competitive). In sector a) we have much greater stress from external effects than in b) much lower (almost no) possibility of competition occurring because of the strong element of natural monopoly, and a much stronger systems factor (the degree to which the units in the sector form a physical system). This objective differentiation must be the basis for their varied regulation.

2) Within the framework of the economic infrastructure, in view of the extent of the mobility of products, we distinguish: a) local infrastructure (various sectors of community economy), and b) nationwide infrastructure (power, communication, railroad transport, the gas industry and so on).

3) With respect to the same criterion, within the framework of the enterprise sector we distinguish: a) the enterprise sector of local scope (services for the people, local construction, local building material industry, and partially domestic trade); b) the enterprise sector of national or international range (foreign trade, part of domestic trade, construction, agriculture, mining and the manufacturing industry).

4) Within the framework of nationwide legislative guidelines, organizations in the sphere of local infrastructure and enterprises of local scope should be the object of regulation on the part of organs of local authority (especially the basic level) and settle with the local

budget. (However, these budgets should also utilize part of the taxes paid by other organizations.) Organizations in the sphere of nationwide infrastructure and other enterprises should be the object of central regulation and settle with the central budget, but with the stipulation that local organs should have some influence over aspects of their activity which are essential for the living conditions of the local people.

2. Organizational structure in the sphere of enterprises and rules for forming them

2.1. General features of the organizational structure

- 1) We recognize the factory as the basic element of the organizational structure in the enterprise sphere. Factories should have legal status, and thus the status of enterprises. Enterprises with many factories should be voluntary unions of factories.
- 2) The organizational structure in the enterprise sphere should be distinguished by permanent differentiation and flexibility in a targeted system.
- 3) Differentiation of this structure should be manifested in: a) differentiation in size and complexity (the number of control levels) of the enterprises situated immediately below the central level; b) differentiation in the structure of multi-factory organizations, primarily through renouncement from the current domination of horizontal integration in favor of other principles; c) the obliteration of rigid inter-sector compartments ("science," "industry," "trade," and so on); d) differentiation in the structure of the enterprise staff apparatus; and e) the establishment of voluntary purposeful associations of enterprises created by them to perform permanent functions (for example, foreign trade) or limited undertakings (for example, joint investments).
- 4) The flexibility in the organizational structure in the enterprise sphere should be based on the greatest possible ease of "entry" of enterprises in fields new for them, possibilities of forming groups and of deconcentrating and eliminating ineffective enterprises.
- 5) A necessary condition for the appearance of the structure described are the changes mentioned with respect to the central industrial branch organs and the elimination of many other useless management links (some association headquarters, many so-called combines and so on) and forms of compulsory administrative control of some producers over other producers (for example, industrial subbranch coordination).

In addition to this it is necessary to implement universally compulsory rules for the formation, grouping and changing of directions of activity,

and for the deconcentration and liquidation of enterprises, according to which the same process of transfer from the current structure to the postulated one could occur, also necessary for the postulated structure to be able to survive.

2.2. Foundation of enterprises

1) By foundation of enterprise is understood its formation by way of investment. The scope in which individual organizational units [i.e., plant and equipment] can benefit from the right of founding an enterprise should be defined by the size of the investment resources available to it, resulting from the financial system and by general regulations of the law.

2) Central investments should be concentrated in the infrastructure sphere, while in the enterprise sphere they should mainly be concentrated in the extractive industry. In respect to other fields, the central organs should primarily regulate the course of investment processes for other organizational units [i.e., plant and equipment] (so that they can conform as much as possible to the amounts and investment structure established in the overall economic plans), and to appear in the role of investor only when the resources of indirect regulation fail. Here a procedure is needed guaranteeing reasonableness in central investments, embracing for example the appearance of a competitive "surrogate investor" in the form of an enterprise which would be granted resources to undertake a new enterprise on the basis of rate of return.

3) In agreement with the general regulation, new factories created by previously existing socialized enterprises should have legal status, or should be enterprises themselves. The connection between a founding enterprise and an enterprise established by it should be based on an agreement between their representatives and anticipate the conditions and method of breaking this connection, along with other matters. Possibly controversial matters associated with this should be submitted to a judicial decision.

4) An important method of creating enterprises should be the institution of genuine cooperatives associated with a restoration of principles of the real cooperative movement in the current cooperative sector and the obliteration of all institutional barriers blocking the "entry" of cooperative enterprises into other fields.

5) National councils, especially on the basic level, should have the right to institute new kinds of municipal enterprises.

6) In the targeted system there must be a guarantee of a permanent place and possibility for the free institution of individual enterprises (especially in agriculture, crafts, trade, services, transportation, small industries and so on) with definite institutional limitations

(a prohibition against entry into certain fields, and establishment of an upper limit of employment in an enterprise). In other respects the individual sector is excluded.

2.3. Grouping and deconcentration of enterprises

- 1) Enterprises should have the right to group into voluntary organizations, but with the approval of the organ of antimonopolistic control.
- 2) The basis for grouping should be a contract defining the competence of the organs of association with respect to their members, conditions of membership and so on.
- 3) The central organs should not have the right to compulsory grouping of enterprises, but in this direction they can exert an influence through indirect resources, especially financial ones.

2.4. Changes in the direction of enterprise activity

- 1) Free "entry" into different fields and free diversification are recognized as a general principle.
- 2) An exception to this principle would be the obligation of obtaining a concession to enter some "protected zones" (see I. 3.2.). In addition diversification through the formation of new enterprises would require a location license to be obtained, a license with respect to preserving the standards of protection of the environment and conditions of bhp [Industrial Safety and Hygiene].

2.5. Liquidation of enterprises

- 1) Liquidation can occur for two basic reasons:
 - a) Anticipated or factual inability to cover expenditures from income acquired; and b) anticipated or factual infringement of the standards of environmental protection. In turn, and with respect to the method of execution, we distinguish voluntary liquidation and compulsory liquidation.
- 2) Voluntary liquidation of an enterprise would take place within the framework of an association of enterprises in suitable coordination with the personnel of the enterprise being liquidated.
- 3) Compulsory liquidation of an enterprise would occur as a result of external matters in relation to it in the case of:
 - a) Permanent infringement by it of the standards of environmental protection; or

b) Factual insolvency (bankruptcy).

4) Compulsory liquidation for ecological reasons should be a rarity, if the other conditions postulated in this study are met: a) within the framework of the generally increased selfsufficiency of the enterprises, it makes it possible for them to take free action in modernization investments; and b) there will be advance announcements of successively higher standards of permissible destruction of the environment.

5) It is also necessary to establish a procedure which would minimize the number of bankruptcies and at the same time not infringe on the principles of self-financing. For example, it could be based on the creation of a special fund for repayable, temporary aid, closely restricted in quantity, to which enterprises threatened with bankruptcy could have recourse. The condition for obtaining aid would be for an interested enterprise to present a program to restore its economy and acceptance of the program by the organ administering the fund. If the program were unacceptable or the enterprise unable to repay the credit granted, this organ would develop and implement in a compulsory way a program to restore its economy. This program could anticipate the transfer of some or all workers to other work and a transfer of property.

3. Institutional system of authority in enterprises

Enterprise independence should be accompanied by institutional measures guaranteeing a share of the personnel in the management. The basic question which arises in considering these measures refers to the relations between the trade movements and self-governing institutions in enterprises. All proposals in this area should be in conformity with this movement. It seems that if certain conditions were fulfilled: stabilization of the political and economic situation, an increase in trust between authorities and the new trade-union movement, a guarantee of real enterprise independence, and thus a possibility of self-governing activity in them, orientation toward co-management would predominate in the trade-union movement. This situation is recognized as the most beneficial, both from the viewpoint of society and from the viewpoint of the functioning of the economy. The Report examines two variations of these measures, with recognition of the first of them as more cohesive with the entire system proposed.

3.1. Self-governing variant

1) Self-government, understood as representation of the personnel participating in the management of an enterprise in its name, would have broad decision-making competence in all basic long-term affairs of the enterprise (competitive election of a director and determination of conditions in a contract concluded with it, verification of a general enterprise development strategy, its financial plans and balances, the formation of a new enterprise, association with or dissolution from

another enterprise, distribution of surplus and so on), and in principle unlimited control and initiative rights.

2) The major self-government organ constantly active in a single-factory enterprise would be the Workers' Council, and in a multi-factory enterprise would be the workers' council of a unit and the workers' councils of the combined enterprises. The principles of representation in workers' councils of multi-factory enterprises would be established by the factory workers' councils in consultation with it.

3) The workers' councils would be elected by general, secret, direct and equitable elections with an unlimited number of candidates for a relatively short term (for example 2 years), according to the election regulations established by the personnel and anticipating the possibility of recalling a council or its members before the end of the term.

4) In addition to the workers' council, direct forms, especially general meetings of the workers and also productive department and section councils, should also operate in an enterprise as an indirect form of personnel participation in management.

5) A contract between the self-government and the director, and general regulations of the law should regulate the division of competence between them and the conditions for extending or abrogating contracts in order to avoid personnel interference in current management. (For example, it may be anticipated that terms in a contract with a director require a unanimous decision from the self-governing body and from a suitable central organ.)

3.2. Supervisory Council variation

1) The Supervisory Council would be a program control organ including representatives of external institutions on the one hand, for example from a central planning organ, a Sejm commission, a pertinent ministry, a bank, a consumer organization, local authority or major customers and suppliers, and on the other hand representatives of enterprise personnel (at least half of the positions in the council).

2) The Supervisory Council would enjoy some of the authority attributed to the workers' council in the previous variation, particularly: appointing and recalling a director, the formation of a new enterprise, association with or dissolution from another enterprise, the division of surplus, and confirmation of enterprise plans and balance submitted. In this state of affairs the workers' council (if one existed in this variant) would have a suitably restricted direct decision-making authority, while it would be able to affect the decisions through its own members in the Supervisory Council.

4. Financial system of enterprises

4.1. General assumptions

- 1) Self-financing is recognized as a basic principle of this system. In order to make it compulsory in practice, and not only formally, it is necessary: a) to fundamentally limit and change the allocation of subsidies (I. 3.2.); b) replace the current credit automation by real bank credit; c) introduce a procedure for dealing with unprofitable enterprises (II. 2.5.); d) replace quota payments to the budget by taxes at rates designated from the top; and e) exact precise payments for the budget, bank and supplies.
- 2) The general principle of self-financing should be accompanied by a mechanism countering the unwillingness of enterprises to adopt long-range undertakings temporarily reducing their income, such as: a) selective subsidies and credits on convenient terms; b) voluntary financial enterprise reserves in the form of bank deposits, the purchase of securities and so on; and c) a compulsory reserve fund (if a) and b) are not sufficient.
- 3) We recognize the principle of financial liquidity as a second fundamental principle of the financial system of enterprises (and of all economic organizational units [i.e., plant and equipment]). This means that this is a necessary property, but also a sufficient condition for undertaking all activity which is not expressly prohibited by general legal acts. It implies the cessation of all actual allotments, financial limits and various "funds" which basically limit the flexibility of action of economic organizations. A careful financial policy is absolutely necessary to maintain financial liquidity in such a way that an imbalance leading toward the introduction of limits and allocations is not caused by the surplus cash supply of the economy. For this reason other changes are required in the bank system. A strengthening of the zloty should embrace gradual introduction of its convertibility, particularly internal convertibility for national enterprises, limited in the beginning by severe financial conditions (for example, high import deposits) with regard to the payment situation. Even with these limitations, it would be an important instrument for overcoming the dictates of a national supplier.
- 4) Control of the amounts and structure of enterprise expenditures should take place, within the limits of these general and permanent principles, through the implementation of a financial tax system in them, an instrument naturally susceptible to change. In this way it is possible to unite the permanent nature of the general principles of the system with its flexibility.

5) Enterprises should have the right to reciprocal crediting: a) in current supplier-customer relations; and b) to finance developmental undertakings, for example by way of issuing and purchasing securities.

6) Independent turnover of manufacturing equipment between enterprises should be made possible in the form of: a) the purchase-sale of equipment (financial resources obtained from such a transaction should then be distributed in the enterprise balance and designated solely for developmental purposes); and b) leasing equipment. Such mechanisms are necessary in order to better utilize national fixed assets, including the possibility of correcting investment errors.

7) The objective and lasting differences between fields should be considered in the construction of financial systems. This particularly refers to consideration of natural income, differing objectively from the situation of enterprises in mining and agriculture, and not occurring in other fields (at least not on such a scale). Therefore the financial systems of mining and agricultural enterprises must contain taxes to eliminate the effect of this distinction on the incomes of these enterprises, in such a way that differentiation of the income system would be exclusively the effect of differences in performing their work.

8) We have just presented two general variations of the financing system which correspond to the greatest degree to the conditions of the manufacturing and building industries, but which can also be used for other fields. These variants refer to one-factory enterprises, both those which are not constituents in any unions, and those which are members of them. In the second case finances flow between the single-plant enterprise and the enterprise union. The forms and scope of this flow, as well as the entire status of the enterprise union, should be determined by the interested parties themselves within the framework of the general legal regulations.

4.2. The variant based on absolute income regulation

1) In this variant the object of taxing is the absolute gross income, which at the same time is the only source of compensation payment, meaning that payments are not separated from profit.

2) The absolute gross income is subject to division for compulsory external payments, a deduction for the enterprise reserve fund and for its own consumer expenditures (compensation and current social expenditures) and developmental expenditures (production investments, increase in turnover assets, non-investment outlays for technological progress, outlays to expand the social facilities of the enterprise and the investment of free assets). External payments have an absolute priority over internal payments.

3) Taxes which, in addition to their fiscal function perform the function of regulation of the total financial balance in economy and regulation of the amounts and divisions of the absolute net income for development and consumption, are needed for obligatory payments of an enterprise. Among these taxes we can mention: a linear tax from absolute net income, a tax on consumer expenditures, and possibly an investment tax (or a tax on construction work).

4) A minimal percentage deduction is designated for the reserve fund, with the stipulation that after this fund has reached a definite ceiling, the obligation of making more deductions would stop. The enterprise could use this fund only within narrowly defined circumstances.

4.3. The variant based on profit regulation

1) In contradistinction to the previous variant, the object of taxing here is the net profit, and consumer expenditures come from two sources: current payments and a share in profits.

2) In this connection separate regulation is necessary for current consumer expenditures and payments from profit. The first can be regulated by suitable taxes, while the second can be regulated by a determination of the maximal share of the workers in profits or by progressive taxing of payments from profit after it passes a definite level.

3) Taxes on supplies of manufacturing factors play a basic role, but not a linear tax paid on profits. With this tax an increase in payments would reduce profit and thus the tax, which could produce an increase in wages.

4) Just as in the previous variant, developmental activity (including investment activity) is controlled by taxes (tax relief). A reserve fund also exists.

4.4. Regulation of enterprise investments

1) In conformity with the general principle of the full role of money, an enterprise can be an investor only if it possesses financial assets, its own or external ones. (In the case of construction of new plants, it is also necessary to obtain a location-site license and licenses respecting environmental protection and bhp conditions.)

2) If its own funds are involved, the regulation would be applied through taxes built into the financial system and concomitant relief and determination of standard period of use of manufacturing equipment. (Within the framework of this general assumption, the Report proposes a special mechanism.)

3) The regulation on the availability of external funds for investment is described in the section devoted to the bank system. Selective investment subsidies also come into play.

4) In conformity with the general assumptions of the systems, the regulation of supply of capital goods (machinery and equipment, building and mounting services) should take place completely on the principle of independent contractual relations between their suppliers and buyers. The central organs can effect this supply by shaping the investment demand of enterprises and other organizational units [i.e., plant and equipment] (including their own) and by forming the conditions for the inception and development of enterprises manufacturing capital goods within the framework of the general methods described above.

5. Prices in relations between enterprises

Accepted as a general principle is the expedient free formation of most prices by enterprises with simultaneous central control of prices (see I. 3.2.) and the performance of other required conditions: the existence of non-monopolistic organizational structures, the principles of their formation and of procedures for anti-monopolistic control, a gradual increase in the availability of competitive imports, the elimination of the directive-distribution mechanism of control and concomitant organizational structures as a factor leading to constant deficits, and the introduction of self-financing of enterprises. When these conditions are met, there will be a flexible price demand for the product of individual suppliers as a factor limiting the possibility of their exceeding their authority in setting prices, and the ratios of these prices will demonstrate the proper directions of substitution, both in production and in consumption.

6. General principles of functioning of organizations in the overall market sphere of economic infrastructure

The system of functioning of organizations in the infrastructure sphere should endow them with the nature of organizations of public utility. In this connection it is assumed that:

- 1) An organization in the economic infrastructure sphere is a compulsory union of basic elements (factories) in the sense that the latter cannot resign from it;
- 2) The formation and development of these organizations takes place by means of centralized investments;
- 3) These organizations, in contradistinction to enterprises, do not have the right of free diversification of their activity;

4) The institutional structure in these organizations should make it possible for external organs to exert a stronger direct effect than in the case of enterprises. Here the model of a supervisory council with great participation of representatives from these organs seems proper;

5) Regulations of workers in these organizations should clearly emphasise the fact that their work has the nature of public service. In this connection particularly strict procedures for mediation in case of conflict should be anticipated;

6) The financial system of organizations in this sphere should be based less on self-financing than in the case of enterprises, and in this connection the organization should aim less at increasing its surplus;

7) Prices for products and services should be under direct central control; and

8) In connection with the monopolistic nature of these organizations, closer regulation of the quality and assortment of products and services should be anticipated, particularly from the viewpoint of their conformity to the social need.

III. The Bank System

The bank system should: 1) guard the economic balance; 2) help achieve the central structural policy; 3) guarantee compliance with self-financing by enterprises; and 4) guarantee a flexible flow of resources to economic organizations on the basis of autonomic bank decisions. Other solutions proposed aim at uniting these goals to bank system activity as harmoniously as possible.

1. Structure of the bank system

The bank system in its targeted form would embrace: a) the Central Bank; b) commercial deposit banks; and c) other bank institutions (cooperative banks, savings banks and so on).

1.1. Central Bank (National Bank of Poland)

1) This bank would be a constituent of the central economic authorities, but to a certain degree would have autonomy from the government in order to be able to fulfill its statutory functions well. Therefore the chairman of the Central Bank should be appointed by the Sejm, on the recommendation of the Premier, for a fairly long period determined in advance, and in principle could not be removed from his position before the expiration of his term.

2) The Central Bank would be responsible for developing and carrying out a program of financial policy, and in particular for regulating the amount of flow of financial assets, subordinate to the supervisory purpose of maintaining the economic balance, and especially the stabilization of the purchasing power of money. For this purpose the Bank should express its opinion on drafts for overall economic plans from the viewpoint of their effect on the economic balance, and should object to its infringement through suitable modification of financial policies. Bank obligations should also include appearing before the Sejm with a plan correction, if further execution of it should seriously threaten infringement of the economic balance.

3) In addition to this, as the general agent for cashier control and clearing of accounts of the state budget, the Central Bank would also have the task of issuing cash money according to permanent, centrally established rules, clearing of official accounts from abroad and so on.

4) The Central Bank would have local branches operating on the basis of self-financing, with these branches closely guided by central guidelines in their credit policy, in contradistinction to deposit banks, and would help realize the central structural policy.

1.2. Deposit banks

1) Deposit banks would be enterprises, but of a special status. The right to establish these banks would be vested in central organs and local organs of authority. They would establish banks with the basic task of financing definite sectors of the economy (e.g., agriculture), economic activity conducted at various levels (e.g., a voivodship or several voivodships) or definite kinds of enterprises (e.g., investment and innovative projects of known risk, enterprises with the participation of foreign capital and so on).

2) The activity of banks should basically conform to the tasks defined in their statutes and regulations by the founding organ. However, the banks would be authorized to conduct activity of a different nature, if it does not make proper realization of its basic tasks impossible.

3) An organ forming a deposit bank would appoint its supervisory council, which would control the activity of the bank, would establish the basic assumptions of its policy, and would appoint and discharge its administration.

4) The rights of bank workers would be more restricted than the rights of workers in typical enterprises: they could not choose the bank administration and would not have a decisive voice in determining its policy. They would be subject to strict work discipline.

5) Deposit banks should be subject to supervision on the part of the Central Bank (or special institutions) which would control the harmony of their activity with the bank bill according to which they are established.

2. Central Bank and deposit banks

In coordination with the government, the Central Bank would operate with the following methods of influencing deposit banks: a) regulation of the obligatory cash reserve bases; b) determination of interest on refinancing credits granted by these banks; c) levying positive or negative surcharges on credits granted by deposit banks, as a function of the purpose of these credits and in connection with the state structural policy; d) defining the upper ceiling of credit which a deposit bank can grant to a single borrower; e) verification of credit transactions shared in by several banks; and f) insurance for definite credits granted by deposit banks. These means allow them to exercise control over the extent and purpose of credits granted by deposit banks.

3. Banks and economic organizations

The following principles would be compulsory in relations between branches of the Central Bank and deposit banks, and economic organizations:

- 1) Every economic organization should have the possibility of using the services of more than one bank;
- 2) The banks would be exempt from the obligation of performing former control functions with respect to economic organizations. However, they can acquire such authority on the strength of a contract with their clients; and
- 3) Banks can and should appear in the role of advisors and initiators with respect to their clients. This means a need for saturating the bank apparatus with personnel of especially high qualifications.

IV. Local Organs of Authority

The demands mentioned below are subject to the following central questions: how to establish relations in the central organ-local organs (as a whole)-economic organs triangle, and how to establish relations within the sphere of the same structure of local organs in order to: a) establish necessary conditions for local self-government in economic affairs vital for a given area; and b) not weaken the independence of enterprises at the same time.

1. Central organs and local organs

1) An indispensable condition for realizing the two goals mentioned above is the elimination of the directive-distribution mechanism of controlling the central organ-local organ relationship. This establishes a basis for the independent planning activity of the latter, subject to the needs of a given area, particularly in the field of the local socio-economic infrastructure. The current directive connections between the central and the local plans should be replaced here by forms of voluntary participation of these organs and of their unions, as representatives of spatial-ecological and social aspects of management, in overall economic planning.

2) Along with an increase in the decision-making authority of the organs of local government, there should also be an increase in their opportunities for independent financing of their goals through an expanded share of the income, in whole or in a definite part, remaining at the disposal of local budgets. The income entirely allotted to these budgets should include taxes for destruction of the natural environment and from enterprises of a local scope. Subsidies from the central budget should be mainly used as a means of smoothing out interregional income disproportions and to supplement the budget of poorer territorial units.

2. Changes in the scope of local organs and local self-government

1) In order to establish conditions for local self-government, in addition to the changes mentioned above in the central organ-local organ relationships, it is necessary: a) to decidedly decentralize resources and authorities from the voivodship level to the basic level (gminas and cities); and b) to basically strengthen the role of the national councils and their effect on local administration.

2) The decentralization just mentioned should be accompanied by the implementation of mechanisms which would enable and stimulate basic units to conclude agreements to achieve joint undertakings, including the formation of companies with legal standing. These types of flexible solutions make it possible to leave a harmful structure associated with the authoritative creation of various types of voivodship units for matters exceeding the scope of a gmina, and at the same time expand the area of possible local initiative.

In addition gminas and cities should have the right to form permanent unions to conduct joint functions, such as legal aid, bookkeeping and accounting, representation of members before central authorities and exchange of experience.

3) In order to strengthen the position of the national councils, there should be: a) a guarantee of their influence on the election and removal

of governors and leaders; b) a possibility of deciding the choice of other local administration workers, best of all by public competition; c) retaining the formation of the size of local official structure in their management, so that this structure would reflect matters essential for local society; d) a decided expansion of the area of their authority (especially on the basic level); and e) implementation of election principles conferring on the national councils the nature of genuine representation of local society.

3. Organs of local authority and economic organizations

1) Relationships between organs of local authority and economic organizations should be differentiated as a function of: a) local organizations of public utility; b) other economic organizations established by national councils; and c) other organizations.

2) Local organizations of public utility embracing the various sectors of municipal and residential economy should be under the complete control of local organs, especially the basic ones. Determination of the principles of operation of these organizations should belong to the pertinent national councils.

3) National councils, especially those on the basic level, should have the right to establish with their own funds any other economic organizations which would operate on a principle of municipal property. It should be expected that these would be enterprises associated mainly with the satisfaction of the needs of local society, such as service, trade and building enterprises, and banks.

4) In their relations to all other local economic organizations, the organs of local authority, particularly at the basic level, should be able to direct those aspects of activity which have vital significance for the conditions of the life of local society, but in an area and in a way which would not paralyze the initiative and independence of these organs. From the viewpoint of the local organs matters subject to supervision should include: environmental protection, land management, placement of investments, location of centers for widely used services, residential construction and so on.

5) Regardless of this acceptance and control authority, the organs of local authority should have the possibility of stimulating the formation and development of local enterprises (especially cooperative ones) in those fields which are recognized as particularly important for conditions of local social life. Subsidies from their own budgets or tax relief (from taxes for the local budget) can be used for this purpose.

Part II: The Method of Implementing Economic Reform

I. General Assumptions

1. Premises for the choice of the method of achieving economic reform.

At this point we shall analyze three groups of premises: general knowledge and experience in the area of socioeconomic reform, the state of the economy, and social bases and expectations. On this basis the team declares itself in favor of the most rapid and complete reform, concentrated in time, meaning a delay no longer than necessary for good preparation of drafts, a reform which simultaneously will: a) contain a number of safeguards to counteract negative socioeconomic effects associated with the fact that the implementation and operation of new solutions will have to begin under conditions of a lack of balance; and b) be conducted with preliminary establishment or parallel realization of the conditions indispensable for the success of the reform.

2. Dangers and safeguards during the reform

1) During the implementation of the proposed variation of conducting the reform it will be necessary to expect a number of threats and problems, but the majority of these must also occur in view of the state of the economy in other procedural variants not including effects positive in both the short and long range, in contradistinction to the variant proposed. At the same time the variant proposed anticipates suitable safeguards which should be implemented no later than at the appearance of a threat which they are to counteract (see Table).

2) This table mentions only those elements which fulfill exclusively or mainly the functions of safeguards. In addition the proposed system contains solutions which basically serve other goals, but at the same time fulfill the role of safeguard with reference to some dangers. This particularly concerns:

a) The limitation of production monopolization, countering price-assortment manipulation and indirectly the possibility of stratification of workers' incomes as a result of the monopolistic position of enterprises in which they work;

b) The possibility of increasing supply and making it more flexible (and in this way counteracting price-assortment manipulation), thanks to the elimination of the directive-distribution mechanism;

c) The same result may be achieved by increasing supply by means of solutions operating to reduce employment increases and to shift excess workers to productive occupations.

3) These dangers and the safeguards proposed should be presented to the people before adoption of the reform with the statement that, in view of the gravity of the economic situation, these safeguards may not be completely effective. This is a matter of whether the people would be ready for the occurrence of some negative effects during the reform process, and could simultaneously counteract them (e.g., by direct participation or by means of consumer organizations in appealing to enterprises about making unfair profits).

3. Indispensable conditions for reform success

1) A decisive condition for the success of the reform is social support for it, depending in turn on: a) participation of social representatives, particularly from new trade unions, in choosing systems solutions and methods of implementing them; b) straightforward information for the people about the costs and effects of the variant selected, about menacing dangers in the course of changing the system and of dangers anticipated; and c) an increase in trust in relations between the authorities and the populace.

2) Another decisive condition for success of the economic reform is a change in the apparatus and methods of Party operation, and in the state and method of forming law (see Introduction).

3) We must count on the fact that the draft of the economic reform, including necessary institutional changes, will meet resistance from organizational links which have grown up with the current system of operation of the economy. Therefore an indispensable condition for the success of the entire reform is neutralization of this resistance as rapidly as possible by first making the postulated organizational changes, particularly in central administration. This is also necessary for the correct operation of the new systems.

4) The organizational changes mentioned above should be accompanied by changes in the composition of the central executive cadres, conducted according to the criterion of ability to operate within the framework of the rules of the new economic system.

5) Another necessary condition for the success of the reform is conducting an economic policy based on reducing disproportions and stresses, and on the expansion of the material structure of the economy. This especially refers to:

a) Restricting the general size of investments and direct subordination of their structure to short-cycle investments based on exports, fundamental food sectors and protection of the existing assets for production from degradation, with simultaneous renunciation of the construction of new, large, capital-intensive installations, and careful selection of large investments begun earlier;

b) Elaboration and initiation of the achievement of a program of changes in the material structure of the economy, anticipating:

-- a decisive increase in the profitability of the international specialization of our economy; and

-- a gradual but obvious reduction in its energy-materials-transport intensiveness; and

c) Conduct of an agricultural policy absolutely subordinated to increasing the final production of agriculture, which primarily means guaranteeing a share of private agriculture in the means of production corresponding to its share in production and its relative efficiency.

II. Timetable of Changes

On the basis of the assumptions formulated above, three stages are proposed for the activity associated with the reform: 1) a period of indispensable preparation; 2) basic reform; 3) completion and adaptation of the new system.

1. Period of indispensable preparation

This period should include:

1) Developing introductory drafts for new systems solutions;

2) Making the principles of the new system universal in society, especially among the management cadre and the worker crews;

3) Implementing all safeguards;

4) Achieving or at least beginning to achieve the conditions formulated above for the success of the reform to the greatest possible extent; and

5) Making a preliminary "cleaning" of the current system while simultaneously implementing some elements of the new one, particularly:

a) eliminating the management links which are completely useless, even within the framework of the present system (e.g., the so-called combines, some associations), and simultaneously implementing a prohibition against any steps toward concentration; b) "unfastening" the system of directives in accord with the pronouncement; c) beginning the process of the reduction of bureaucracy in the cooperative movement; d) increasing the authority of the national council, especially at the basic level, making it possible to establish genuine rural self-government; e) making it possible for the KSR [Workers' Self-Government Conference] to voluntarily replace emerging self-government organs with factual control and decision-making rights; f) broadening the system of central economic information; g) establishing a system of rates of exchange,

custom duties, amortization rates, methods of pricing the production assets of various generations and, in this connection, beginning a gradual reconstruction of prices, indirect taxes and subsidies; and h) implementing the turnover of production equipment between enterprises on the principle of sales or leasing, in order to make exploitation of currently inactive equipment possible.

It appears that these activities could be achieved during the course of a year.

2. Basic reform

In this stage and in a method concentrated with respect to time, the decided majority of other measures should be enacted, particularly including the elimination of the directive-distribution mechanism of controlling the economy and the transformation of organizational structures connected with it, particularly the central level.

1) In this stage it may be necessary to maintain some central distribution (e.g., electrical energy), but limited to the minimum. This distribution should be announced as temporary and to be completely eliminated in the very near future.

2) At the same time it will be necessary to continue the process, begun in the previous stage, of gradual reconstruction of the price systems, within the framework of which: a) sales prices for basic raw materials and other materials would be designated by central organs on the basis of suitable transaction prices; b) prices in turnovers between industrial enterprises would be determined in a decentralized way with their simultaneous indirect control by means of a bill on unjust profits, giving customers the possibility of contesting prices; c) the problem of retail food prices should be the object of social agreement. It would be desirable for a gradual reduction in subsidies to be anticipated within the framework of a coordinated program of a slight rise in retail food prices with recompensation for people with the lowest incomes; and d) in the area of industrial consumer goods there should be a gradual reduction in the turnover tax, as their deficits disappear, and the rates should be aggregated.

3) The basic reform should include the implementation of a financial system for enterprises, in accord in their general structure with the targeted system (at least with the variant based on regulation of absolute income), and at the same time applied in the initial economic situation. In this connection there should be implementation of self-financing in the enterprises and the elimination of financial limits. At the same time investment demand by enterprises must be limited by a high tax on absolute income and possible investment taxes and/or deposits. With an even more severe limitation on central investments, this should indirectly guide the production of enterprises toward

export and toward the domestic consumer goods market. These tendencies should be strengthened by: a) increasing the financial attractiveness of exports by devaluing the zloty with respect to convertible currencies and/or by using tax relief; b) making it possible for enterprises to contract credits intended for the development of production for export or for the domestic (consumer) market; c) by using selective export subsidies; and d) by making independent export possible for large producers under the condition of obtaining a renewable concession.

In case a tendency appears to remove basic consumer products from the domestic market in favor of exports, an upper limit of export should be implemented. In the import area the goal should be to replace import limits by import deposits. This would mean that an enterprise had the right to obtain foreign-exchange funds if it possessed funds in the national currency sufficient to purchase foreign-exchange funds and to pay for the deposit, which could be very high in the beginning.

The enterprise financial system should include elements aimed at eliminating increases in employment to provide an incentive for other workers by increasing wages within the framework of constant or slightly increasing total expenditures for wages. This may be provided by the same free determination of the employment figure with a limited growth in these expenditures through a progressive tax on more than a definite, relatively low, growth rate. In case of necessity an additional tax on employment could be levied, possibly differentiated according to the worker groups.

3. Supplementation and adaptation of the new system

In this phase the remainders of distribution should disappear. There should be an expansion in currency convertibility, financial restrictions should be mitigated, deposits and some taxes introduced because of the imbalance in the previous period should be eliminated, and all necessary corrections should be made.

Table: Dangers and Safeguards in the Process of the Economic Reform

<u>Dangers</u>	<u>Proposed Safeguards</u>
I. Problems associated with a reduction in employment in administration and in factories.	1) Development of a special program to shift workers. 2) Definite strengthening of institutions and mechanisms for the mobility of employees.
II. Stratification of individual incomes inconsistent with a sense of social justice.	3) Income tax on a family member, a social minimum and a system of social services.
III. Financial difficulties for some enterprises associated with the implementation of the self-financing principle.	4) The implementation of a mechanism for temporary, repayable aid justified by the presentation of a suitable program by the enterprise. 5) A high compulsory reserve fund, established throughout the enterprise financial system.
IV. Price-assortment manipulation of enterprises associated with the introduction and operation of the new systems under the conditions of initial imbalance.	6) The introduction of antimonopolistic regulations making it possible to sue enterprises under the claim of obtaining unfair profit through various economic organizational units [i.e., plant and equipment) and anticipating, in case the charge is varified, a return of this profit along with a multiple of it in the form of a sanction and a published announcement of this decision. 7) The emergence of consumer organizations publishing independent opinions about the products of various enterprises (including the right to establish a boycott against some products) and with the right of suing enterprises. 8) Central control of prices for basic consumer goods. 9) The introduction of high markups on basic consumer products, arousing trade interests in selling them. 10) Conducting analyses of which basic consumer products can be withdrawn by producers after the introduction of self-financing and free

determination of assortment, and an increase in the profitability of their production through suitable changes in the turnover tax for subsidy.

- 11) The introduction of a compulsory contract of a commission in trade relations with producers as a way of increasing their "sensitivity" to sales results.
- 12) Possible implementation of extraordinary methods anticipated in the proposed system (see I. 3.1.), particularly prohibitions against the manufacture of some products.

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APPROACH TO CONSUMER BEHAVIOR IN SOCIALIST SOCIETY

Bucharest COMPTUL MODERN in Romanian No 5, Sep-Oct 1980 pp 1-1.

[Article by Dr Nicolae Teodorescu: "Considerations on the Approach to Consumer Behavior in Socialist Society"]

[Text] The growing complexity of the socialist revolution and construction in the present stage is closely bound up with continuing improvement of the socioeconomic mechanism on all levels of activity. Thus in the field of consumer goods and services, the best possible correlation of the output volume with the public's real consumer needs is becoming increasingly urgent. Now that society's resources for producing consumer goods can be measured with great precision, more exact knowledge of the social need is an important aspect of planning activity. Accordingly, the higher party and state administrations have emphatically pointed out in many decisions and measures the objective necessity of scientific study of the public's consumer demand. The Decision of the Plenum of the RCP Central Committee in March 1978 on Improvement of the Economic-Financial Mechanism is significant in this respect. That document outlines the task of studying the public's demand, as a reflection of the social need, in all administrative levels of the activity of producing and marketing consumer goods and services.

1. Consumer Behavior As a Historical Category

The constantly rising evolution of human society is characterized by uninterrupted progress of the productive forces, which objectively lends a given character to the social production relations. Against this background, consumer behavior takes the form of a complex process dependent upon satisfaction of some of the most varied requirements. Since the requirements are not immutable but change as society develops, it is natural that consumer behavior should have the same characteristic. The constant growth of the social needs, which V. I. Lenin called the "law of increasing needs," eventually causes fundamental changes in consumer behavior that take the form of a historical "product." From this standpoint we can speak of the constant change in the conditions that contribute to the formation and growing complexity of consumer behavior.

Although consumer behavior is a concept with which all market research specialists operate, it has no unanimously accepted definition. But among the great many definitions proposed by various authors there are a few elementary processes that have been combined to define the concept of consumer behavior, namely the processes of

perception, information, attitude, motivation and actual behavior. The fact that the specialists attach several meanings to these processes makes it even more difficult to define the concept of consumer behavior precisely.

Perception is a very complex process consisting of the mental activity of determining, understanding, judging the stimuli, etc. by means of the system of sensory receptors.

Perception is explained both by physiological factors (physical perception of the stimuli) and by psychological ones (cognitive perception or the psychological significance attached to the stimuli). The most important characteristic of perception is the fact that it is selective, because of the consumers' peculiarities, and supplementary to the need.

There is no question that perception is primarily dependent upon the information process, which is a series of elements whereby individuals know the products. In this process the specialists pay the most attention to the information sources, which may be personal (acquaintances, friends etc.) or impersonal (characteristics of the products). The Bayesian theory as well as the theory of learning, have a broad field of application to scientific investigation of the processes of acquiring information.

In general the effects of the information process upon the other processes of consumer behavior can be explained on the basis of the theory of learning, since decisions to buy heavily depend upon the amount of information the consumer has.

The process of formation and expression of attitudes is highly important to the specialists' attempts to define and study consumer behavior. The concept of the social attitude was introduced in sociology and psychology by Thomas and F. Znanieck (in their work "The Polish Peasant in Europe and America," 1918-1920), and it was long considered one-dimensional and therefore representative of a relatively stable emotional response toward a given "object." But since the 1950's the attitude has been increasingly regarded as a multidimensional concept or, as W. T. Campbell expresses it, "a syndrome of different reactions to the social objects" (where syndrome means a given and its reactions comprising in the characterization of a given situation). In regard to a syndrome of different reactions characterizing an attitude was associated with three dimensions: an emotional dimension, that is the favorable or unfavorable disposition toward a social object; a cognitive dimension, namely knowledge or ignorance of the object in question; and a conative dimension, or the firm intention to act or behave in a given way toward an object.

The definition and study of consumer behavior also depend on scientific investigation of the motivation process, which has been developed to a point where it has acquired a relative independence, or a status as an independent field of investigation. Against this background, not at least some noteworthy achievements and successes, there are many controversies among the specialists both on conceptual and methodological grounds and on the field of specific studies.

In a general sense, motivation is considered an inner state mobilizing an organism to implement a given purpose. The motives are of a pronounced multidimensional character, being formed between the biological and the social, between inner drives and conscience, between individual necessity and value and system of reference, between relationships with the objects and ties with people, etc. Therefore they cannot be reduced to any one of the factors that determine and affect them, it is difficult to

identify them (which means answering the question "why?"), and previous knowledge of the area wherein they have appeared is preferable and necessary.

Investigation of the motivation process can bring out many aspects of consumer behavior, but motivation cannot be said absolute because that would be an oversimplification of a highly complex whole. In fact, oversimplification and use of combined terminology are the chief criticisms made of the study of the motivation process.

The four elementary processes of consumer behavior, described briefly above, differ essentially from the process of actual (overt) behavior. That is the only one that can be directly observed and measured. Though the process of actual behavior can be studied relatively independently, it is not an independent process but the particular result of a system based on the more or less pronounced interdependence of the other elementary processes mentioned above. The idea of making actual behavior the end point in a system of processes occurs in many models and systems of consumer behavior recorded in the technical literature. Some of them are clearly descriptive (being of behaviorist inspiration and based on the theory of learning, or more general in nature), while predictive validity (of a stochastic nature based on chance transformation of the operational processes) is claimed for others. Both are criticized for a more consecutive than functional treatment of the intermediate processes.

The said elementary processes become operative in definition and study of consumer behavior through determination of some variables defined as precisely as possible. In the technical literature most of the specialists agree with the grouping of the variables determining the formation and expression of consumer behavior in two categories, namely exogenous and endogenous variables. The former operate outside the human being while the latter pertain to the psyche. Neither the exogenous nor the endogenous variables operate in isolation but in combinations of various intensities and varying greatly from one individual to another and eventually for the same individual. Therefore the elementary processes of consumer behavior can be studied relatively independently but they must be viewed uniformly, because consumer behavior is the synergistic effect of a system of processes and by no means the "sum" resulting from consideration of the processes in isolation. In other words, consumer behavior is a system that cannot be reduced to any one of its components.

Consequently consumer behavior is a multidimensional concept par excellence that can be defined as the particular result of a system of dynamic relations among the processes of perception, information, attitude, motivation and actual expression that characterize the integration of the individual in the space described by the entirety of the consumer goods and services existing in society at a given time.

On the basis of a fundamental principle of Marxist-Leninist political economics to the effect that the productive forces, by virtue of their developmental level, bring about social production relations of a given kind, we shall note that the social needs can be categorized as "possible" and "real." The extent to which it is "possible" to satisfy the social needs directly depends upon the developmental level reached by the productive forces. A society cannot consume more than it is capable of producing. But the extent to which that "possible" becomes "real" depends on the nature of the social production relations. This constitutes a general system to which consumer behavior also belongs.

Because of its historical character, no study of the basic aspects of consumer behavior can overlook the place of this process in the general socioeconomic system. The

idea of economic and social determinism in the treatment of consumption and consumers was very clearly pointed out by Marx: Social organization accords people certain positions in society, and every consumer has certain needs and certain means of satisfying them. In Marx' view the diversity of consumers' opinions "is explained by the different positions they occupy in society, which are products of social organization."

It can be concluded from the objectives presented that scientific investigation of consumer behavior must proceed from the position of this process in the overall production method, which leads to the existence of distinctive features in every social order.

2. Consumer Behavior in Socialist Society

The socialist revolution and construction in Romania did away with the essential contradictions of the capitalist system, creating the theoretical and practical prerequisites for eliminating the gap between the possibility of satisfying the needs and the extent to which it is accomplished. On the basis of the fundamental economic law of Romanian society, the party's and state's program documents and especially the RCP Program specially emphasize the public's consumption and consequently consumer behavior. In the party's view satisfaction of the workers' material and cultural needs heavily depends on setting a rational level for them, because at no point in the evolution of society is it possible to meet all needs, even with continuous development of social production.

We feel the main characteristic of consumer behavior in socialist society is the ability to integrate it purposefully within the limits of rational needs. Actually this approach requires solution of some general problems that specialists in several fields of activity must help to clarify. Socialist society has many means of orienting consumers "toward rational consumption structures," which we think should be integrated in the overall strategy of formation and development of the new type of man characteristic of the society of tomorrow. We stress the point that the problem of rational consumption is not to be regarded as an oversimplification of this process but as a determination of the level and structure of consumption in keeping with the diversity of particular forms of expression of consumer behavior. In view of the planned character of all socioeconomic activity, it is not only possible but also necessary to place the public's consumption on a scientific basis and regulate it by rational norms.

The sometimes irrational nature of consumer behavior should also be considered in setting rational consumption norms, besides some priority objectives like eliminating parasitic or ostentatious consumption. But in view of the importance of consumption of goods and services to quality of life, in general stricter control by society of the consumption structure, which is characterized by an intensive process of renovation, is urgently necessary. Some specialists think changes are now taking place in consumption within a single generation that used to take several generations in the past.

All these considerations call for conformity of consumer behavior, as an important course of action, to the general process of creating the new type of man, because in a society that makes it its main objective to raise the human personality to the highest levels of civilization and progress the main part is played by the individual and the satisfaction of his constantly growing material and cultural needs. Consumer

behavior in socialist society transcends the limits of the secondary importance it has in other systems and becomes a major consideration in the entire socioeconomic mechanism.

Consumer behavior in the Romanian socialist order is objectively and definitively determined by the RCP policy of constant improvement of the living standard. Meanwhile the constant enhancement of the entire people's welfare also fosters consumption habits characteristic of the socialist way of life.

These aims of party policy, closely bound up with the general growth of the national economy, will form a favorable background for formation and manifestation of the consumers' behavior processes, which will conform to the all-around development of the personalities of all categories of workers in Romania. To this end, objectives and tasks of production and marketing of material goods and services, as well as measures to influence consumer behavior, have been clearly determined for purposes of effort in this direction for the full formation of the new type of man as a builder of communist society.

Direction of production and marketing of consumer goods and services in accordance with the public's real consumer needs is not only not only an economic problem but also a social-political one. As Nicolae Ceausescu said, "We are producing not for love of production but to meet some necessities and demands, and therefore we must produce only that which meets these demands and necessities."

And so by definition the study of consumer behavior must be an essential component of marketing activity in the Romanian economy. The design of the socialist enterprises as open systems calls for a constant exchange with the environment, or "adjustment of production to demand and the market conditions," with provision for the greatest economic and social effectiveness. Thus consumer behavior is integrally related to the purposes of marketing plans and programs as a basic element in the adjustment of the enterprise to the environment, on the basis of knowledge of its demands and permanent understanding of "the quantitative and qualitative changes it undergoes."

Therefore the suitability of scientific study of consumer behavior as an important element of marketing activity is evident for purposes of efficient operation of all the mechanisms of the Romanian economy in order to carry out the party policy of continuing improvement of the entire people's material and cultural living standard.

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BOSNIA-HERCEGOVINA FOREIGN TRADE, 1980

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6 Feb 81 p 9

[Text] Exports in Bosnia-Herzegovina were up 24.7 percent last year over 1979. Yet total exports still fell more than 3 percent short of the projection, above all because of a drop of exports to the convertible area.

At the same time commodity imports showed a growth of 16.7 percent last year over the previous year. The largest increase was in imports of manufacturing materials, raw materials and consumer goods, while imports of equipment dropped considerably. On the whole total imports were close to the figures anticipated in the projection for last year.

Last year the coverage of imports by exports in this republic reached 66.3 percent, which is 4 percent more than in 1979. In spite of this rise, this index increased 2 percent less than was anticipated in the projection.

According to figures presented in a meeting of the Coordinating Committee for Foreign Economic Relations of the Bosnia-Herzegovina Economic Chamber, last year this republic's economy exchanged goods and services with foreign countries worth \$3,125 million. That figure breaks down as follows: \$1,245 million for exports and \$1,880 million for imports.

Of the total exports 28.2 percent, or a value of \$352 million, went to the advanced countries of the West, 48.7 percent, or \$607 million, went to the socialist countries, and 23 percent, or \$28.7 million, went to the developing countries.

At the same time imports of goods and services from the western countries amounted to \$832 million, or 44.3 percent, those from the socialist countries \$838 million, or 44.6 percent, and those from the developing countries \$206 million, or 11 percent of total imports.

The trade deficit was \$630 million, which is 3.6 percent higher than in 1979. Three-fourths of this amount occurred in trade with the western countries, and the remainder with the socialist countries, where there was also a deficit in commodity trade. There is also an imbalance in commodity trade with individual countries. West Germany, Italy and the United States account for 65 percent of all commodity

trade with the advanced countries of the West, and at the same time the economy of Bosnia-Herzegovina incurred more than half of this deficit in trade with those three countries. Trade with the USSR accounts for 75 percent of total trade with the socialist countries, and 60 percent of all exports to the developing countries goes to only three countries--Libya, Iraq and Egypt. At the same time imports from Iraq alone comprise almost half of total imports from the developing countries.

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MONTENEGRIN FOREIGN TRADE, 1980

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6 Feb 81 p 3

[Article by V. Tasic: "Exports Considerably Above the Plan for 1980"]

[Text] Concentrated efforts to augment exports in 1980 yielded very good results in Montenegro. The economy and other activities in this republic boosted their exports by all of 31 percent between 1979 and 1980, or 18 percent in real terms, and the target of a 4-percent real growth of exports contained in the resolution on socioeconomic development was appreciably surpassed. The value of total exports of goods and services, as well as revenues from transportation, tourism and other activities in 1980 exceeds 7.4 billion dinars (the target was 7 billion dinars). More than 5.53 billion dinars of this was earned in the convertible area, 16 percent higher than planned. The largest export item was exports of goods, which amounted to 3.7 billion dinars, but this was still below the planning target, which was set at 4.6 billion dinars, and exports of services at 3.71 billion dinars, which exceeded the planning target by 53 percent.

It was tourism that went far over the top. Planned revenues from this activity were set at 590 million dinars, but actually more than 963 million dinars were realized, which is 63 percent higher than the plan. The target for revenues from transportation was also exceeded by 38 percent, and the income from miscellaneous activities was exceeded by all of 209 percent.

Last year's imports amounted to only 75 percent of the figure projected in the plan. That is, the plan called for the value of total imports into Montenegro to reach 11 billion dinars, but the goods and services imported and other expenditures totaled slightly more than 8.3 billion dinars. About 6.9 billion dinars, or 77 percent of what was planned, pertains to imports from the convertible area. The dominant import category was manufacturing materials, valued at 4.7 billion dinars, and the next equipment at 2.3 billion dinars, services were slightly more than a billion dinars, and so on.

Asked to comment on these results achieved last year, Nikola Samardzic, president of the republic self-managed community of interest for foreign economic relations, first mentioned that one other reason why they were satisfactory is that the coordinated export-import plans of the members of the community in 1980 had made it possible for exports and imports of goods and services to be conducted in a regular and more or less painless manner.

"That is," Samardzic said, "the system of fixing and correlating all export and import categories, which were linked to one another and made conditional upon one another on monthly and quarterly schedules, yielded good results in implementing the system of planning in the field of foreign trade transactions and contributed to promotion of Montenegro's economic relations with foreign countries. The coordinated plans and their application and also making the right to import contingent upon achievement of exports were, of course, other measures that contributed to this. Enforcement of the plans that had been coordinated and their monthly analysis in meetings of the organs of the community and the assembly yielded satisfactory results in achievement of almost all the categories in the projection of Montenegro's payments-balance position."

President Samardzic also cited, however, a number of difficulties and problems that were evident during the past year. First of all quite a few work organizations in Montenegro were unable to keep up with the assigned schedule for exports and imports, nor did they meet their export target. Plans for exports of commodities were fulfilled at a level of only 80 percent, but this still helped to bring the coverage of imports by exports of goods up from 37 percent in 1979 to almost 50 percent in 1980.

"It is significant," Samardzic says on this point, "that the very large work organizations showed the greatest lag in fulfilling export plans in 1980. For instance, the Titograd Aluminum Combine fulfilled 80 percent of its export target, the Boris Kidric Steel Mill of Niksic 88 percent, Obod of Cetinje 83.5 percent, and the Radoje Dakic Construction Machine Industry of Titograd 63 percent. At the same time the aluminum combine exceeded the plan for imports of manufacturing materials by 7 percent, the steel mill in Niksic by 7 percent as well, Obod by 13 percent, and Radoje Dakic imported 5 percent less than the manufacturing materials which were planned. There were several reasons why the export plans of these sizable work organizations were not fulfilled, and our explanation is the increased demand for their products on the domestic market, irregular and inadequate supply of manufacturing materials and raw materials, and also the fact that domestic trading partners required that they pay in foreign exchange for deliveries of the necessary materials. Certainly there are also reasons of an internal nature--inadequate production for export, problems of product quality, and insufficient organization and preparation of the effort on foreign markets.

Work organizations exporting services achieved enviable results last year. For example, Jugooceanija of Kotor exceeded the plan for export of transportation services by 55 percent, and Prekookeanska Plovidba of Bar by all of 68 percent.

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